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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,181

Friday November 25 1983

D 8523 B

European Spacelab
set for first
launch, Page 12

Agua	Sch. 15	Indonesia	Rp 2500	Portugal	Esc 65
Baham	Dm 1.650	Italy	L. 1100	S. Arabia	Rba 6.10
Belgium	Bfr 25	Japan	Yen 160	Singapore	S\$ 4.10
Canada	Cdn 1.25	Lebanon	L. 1500	Spain	Pta 166
Cyprus	Cyp 50	Malaysia	Mal 2.00	Sweden	Skr 9.50
Danmark	Dkr 7.00	Norway	Nkr 4.50	Switzerland	Sfr 7.50
Egypt	Egp 1.00	Poland	Zlot 2.50	Taiwan	Nt 365
France	Fr 5.50	Romania	Lei 1.20	Thailand	Bat 20
Germany	DM 2.00	Soviet Union	Rub 1.50	U.S.A.	Doll 1.00
Greece	Dr 160	Yugoslavia	Din 1.00		
Hong Kong	HK\$ 12				
India	Rs 15				

NEWS SUMMARY

GENERAL

Dutch unions step up campaign

Dutch unions representing 700,000 public employees stepped up their protest campaign against a cabinet proposal to cut their wages by 3 per cent from January 1.

As the Government reaffirmed that it was not prepared to make further concessions, workers planned to hold more strikes affecting key services and more demonstrations.

Dutch railways has already lost about Fl 25m (\$8.3m) in fares and Fl 30m as a result of the postal strike. The action is costing the country about Fl 40m a week. Page 2

Grenada head ill

Alastair McIntyre, 51, a Grenada economist named two weeks ago to head the island's temporary government, will be unable to take up the post because he needs four months of medical treatment in Geneva. Commonwealth heads divided. Page 3

Parliament blasted

A bomb exploded in Bolivia's parliament causing considerable damage but no casualties. No one has claimed responsibility.

Puzzle over goods

Swedish customs officials are examining a second consignment of computer equipment that the U.S. said was being smuggled to the Soviet Union. Two weeks ago four containers of equipment arrived from South Africa.

Killer takes hostages

Lionel Carden, self-confessed killer of a Paris policeman and wanted in connection with an earlier double murder, held his lawyer Nicole Dreyfus and journalist Annette Khan hostage in a Paris apartment after wounding another policeman.

Doubt on cosmonauts

Soviet coverage of Vladimir Lyakhov and Alexander Alexandrov's return to earth after 149 days in orbit caused surprise among western analysts and raised speculation about their health.

Poverty for 700m

Almost 700m people in the rural areas of developing countries live in absolute poverty, a Food and Agriculture Organisation report said, and there is a "little reason" to believe conditions are improving.

Syria bans reporter

Syria expelled Agence France-Presse correspondent Michel Garin for reporting that Syrian President Hafez al-Assad had suffered a heart attack.

Laws anger Basques

Basque nationalist politicians reacted angrily to tough anti-terrorist laws which Spain's Government is to rush through parliament, and said they would lead to more violence rather than less.

Briefly...

Fire at Esso's Antwerp refinery, Belgium, caused \$500,000 of damage.

East German border guard slipped into his jogging suit and made a dash over the border to West Germany.

Turkish Premier Bulend Uluoglu resigned as the new parliament prepared to convene. Page 2

Queen Elizabeth II awarded Mother Teresa the Order of Merit for her work among Calcutta's poor.

BUSINESS

Lawson tries to dampen tax fears

UK Chancellor Nigel Lawson reacted to industry leaders' criticism of his autumn statement by expressing confidence that tax levels would be cut during this parliament. Page 20

UK imports surged in October, swelling the current account of balance of payments into a deficit of nearly £270m (\$396m). Page 7

DOLLAR rose to DM 2.7085 (2.6905), FFfr 2.2325 (FFfr 8.2), SwFr 2.179 (SwFr 2.1725) and Y236 (234.4). Its trade-weighted index was 128.4 (128.4). Page 39

STERLING fell 40 points to \$1.465, rose to DM 2.97 (DM 2.96) and FFfr 12.675 (FFfr 12.625) and was unchanged at SwFr 3.185 and Y344.5. Its trade-weighted index was 83.4 (83.4). Page 39

GOLD fell \$0.50 in London to \$375.625. In Frankfurt it fell \$0.25 to \$375.5 and in Zurich it fell \$0.75 to \$375.75. Page 38

LONDON: FT Industrial Ordinary index gained 24 to 728.8. Government Securities eased; falls of 1/4 in long term, later clipped by 1/4. Report, Page 35; FT Share Information Service, Page 36, 37

TOKYO: Nikkei Dow index fell 43.02 to 9,373.54. Stock Exchange index lost 1.7 to 688.06. Report, Page 31; leading prices, other exchanges, Page 34

AUSTRALIAN stock markets surged ahead on good prospects for the economy. All Ordinaries index gained 11 to 733.2. Report, Page 31; leading prices, Page 34

WALL STREET was closed for the Thanksgiving holiday.

GHANA'S Western aid donors made pledges totalling some \$150m for next year at a meeting in Paris chaired by the World Bank. The money is in addition to some \$600m already committed by multilateral institutions since the introduction of an economic recovery programme in April.

JAMAICA devalued its currency 57 per cent against the U.S. dollar to meet conditions for \$180m new credits from the IMF. Page 3

MEXICO plans to run a current account deficit of \$1bn next year as part of its strategy to stimulate recovery. Page 3

SWEDISH talks between the Government and special steel-makers collapsed, dashing hopes for a restructuring of the industry. Page 2

GILMORE STEEL of the U.S. dropped most of its anti-dumping complaint against Belgian and West German hot-rolled and carbon steel plate sales in the U.S. Page 20

GENERAL MOTORS is heading for a net loss in Britain this year of about £53m (\$78m) compared with a loss of £38.7m in 1982. Page 20

ASEA, Sweden's electrical group, nearly doubled its profits in the first nine months to SKr 1,350m (\$170m). Page 21

BANQUE BRUXELLES Lambert, Belgium's second largest bank, raised dividends 21.2 per cent for the year after a 17.8 per cent rise in net profits to Bfr 1.67bn (\$30.4m). Page 21

CHRYSLER is considering several manufacturing alternatives, including a link with Mitsubishi, to meet the possible challenge of a GM-Toyota joint venture. Page 21

WESTPAC BANKING, Australia's biggest private trading bank, has acquired 75 per cent of Sydney-based bullion dealer Mase Metals. Page 22

BRAZIL'S leading private exporter and sugar trader, Costa Pinto group, filed for court protection against bankruptcy. Page 20

Optimist Esch leaves failure of IBH empire behind him

BY JONATHAN CARR IN FRANKFURT

COLLAPSE CLOSER AFTER TALKS RULE OUT RESTRUCTURING

The final collapse of IBH, the stricken West German construction machinery group, drew closer yesterday with the resignation of its founder, Herr Horst-Dieter Esch (right). Discussions between the group's bank creditors and major shareholders - including General Motors of the U.S., Powell Duffryn and Babcock International of the UK and Saudi Arabian interests - had ruled out Herr Esch's bid to keep IBH's main operations together. His plan, which involved the disposal of the group's French and Brazilian interests, depended on IBH's creditors writing off 60 per cent of its debts. IBH, which had become one of the world's largest construction machinery groups in the eight years since its formation, had declared itself insolvent following the failure of a small private bank to which it owed around DM 1bn. Details, Page 20; Editorial comment, Page 18



Herr Esch, who is just 40, clearly feels he is the victim of a fuddy-duddy West German system, in which big banks give too little cash to bright young men with good ideas. Not that he thinks he has made no mistakes himself in his breath-taking eight-year dash to stardom - and notoriety. Wedged against a grand piano in the bar of a Frankfurt luxury hotel, he dispassionately went over his errors.

For one thing, Herr Esch said, expansion of his group had been very fast. Modernization of rationalization, especially of the range of products, had not fully kept pace. He had not always been able to put in a new management team quickly

enough to deal with the problems of the troubled companies he acquired.

Herr Esch thus acknowledged a criticism made by many analysts as he built up one of the world's biggest machinery groups, with annual sales of more than DM 2bn (\$743m), in less than a decade. He specialised in taking over companies in difficulties, for little if any money, then trying to put them on an even keel. Sometimes his management changes were very quick, despite his self-criticism. A few executives were sacked on the day he took over.

Herr Esch also admitted he had underestimated the length and depth of the world recession. He had expected the upswing which was now emerging about a year earlier. He implied that many of his problems would have been eased with stronger economic growth and a fairly quick surge in sales in the machinery sector in particular.

But his biggest failure, he said, was his inability over eight years to win the support of the big German banks. He had understood their reservations about him at the start when he was little known and the businesses he was taking over had a poor name. But he felt sure the big banks would come in later, especially when he won shareholders with the status of General Motors (which has nearly 20 per cent of IBH) and Powell Duffryn (with 13.2 per cent). He was wrong.

As a result, Herr Esch admitted he had become very heavily involved with one smaller bank above all, Schröder, Münchmeyer, Hengst & SMH. The bank, with total assets

of just over DM 2bn and capital of DM 110m, was saved from the brink of collapse at the start of this month. Its total risk exposure to IBH amounted to about DM 900m. With more than a hint of bitterness, Herr Esch described the big banks' expression of shock at the SMH-IBH debacle as "mere rhetoric."

IBH had had no problems gaining support from banks in other countries where the group operated, including France, Britain and Brazil, he claimed. It was, Herr Esch said sorrowfully, a specifically German problem.

Many German bankers scoff at Herr Esch's claim, and pride themselves they know a "whizz kid" when they see one. But one senior Frankfurt banker admitted yesterday there was something in what Herr Esch had said.

"In the 1930s," he declared, "Esch would have been one of those creating the economic miracle, and we would probably have been proud of him. Times change."

Andropov intensifies pressure on West with new weapons

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

THE SOVIET UNION will step up its threat to Europe and the U.S. by stationing new weapons in Eastern Europe and in the "warm seas" and the "near seas", Mr Yuri Andropov, the Soviet President, said yesterday.

He also declared that Moscow considers further participation in the Geneva talks to limit nuclear weapons "impossible", following the arrival of new U.S. nuclear missiles in Britain and West Germany.

Mr Andropov's statement, which was read for him on Soviet television yesterday evening, is the first official comment following the Soviet walk out at the Geneva arms control talks on Wednesday.

Mr Andropov blamed the U.S. for the failure of the talks and said the deployment of new cruise and Pershing 2 missiles raised "a real danger that the U.S. will bring catastrophe upon the people of Europe."

As continuation of the talks could "only serve as a cover for the actions of the U.S. and a number of other countries...the Soviet Union considers its further participation in these talks impossible," he said.

Mr Andropov's statement, however, contained no reference to the parallel Geneva talks to reduce strategic weapons (Start), which Western diplomats are therefore assuming will continue.

During the past few months Soviet leaders have consistently threatened retaliation if Nato went ahead with new missile deployments and Western officials claim there is little to surprise them in the Andropov statement.

Mr Andropov announced abrogation of the 1982 freeze on the deployment of Soviet SS20 missiles in western Russia. In fact, U.S. officials say the freeze always referred only to the construction of new SS20 bases, a programme which they believe is now complete.

The numbers of SS20s facing Nato has increased by about 60 to 243 in the past 18 months.

The Soviet leader also said that Moscow would accelerate the installation of new short-range nuclear missiles in East Germany and Czechoslovakia.

Nato believes this programme has been under way since the late 1970s. It involves the replacement of some 250 Frog and 280 Sand missiles, which have ranges of up to 300km, with new SS21s and SS22s, which have ranges of up to 500km. Western officials said yesterday

that the only change to the existing Soviet programme would be if SS22s, which are to replace the older SS21s, in the Soviet Union, were also deployed in Eastern Europe.

What does appear new is Mr Andropov's specific reference to the deployment of additional sea-based weapons. These are presumed to be the means by which Moscow would increase its threat to the U.S.

Senior U.S. officials point out, however, that the Soviet Union already has submarine-launched ballistic missiles off both U.S. coasts which could strike targets deep inside the U.S. in the time - about 10 minutes - in which a Pershing 2 could reach the Soviet Union from West Germany.

James Buchan writes from Bonn: Chancellor Helmut Kohl of West Germany, in a speech in Bonn last night, ignored the threats implied in the Soviet statement and appealed to Moscow once again to return to negotiation.

Herr Kohl said in a toast for the visiting French President, M. Francois Mitterrand: "Our empathic wish is that, despite the news from Moscow today, the negotiations will continue in Geneva or elsewhere."

Continued on Page 20

Argentina urges go-ahead on loan

By Jimmy Burns in Buenos Aires and Peter Montagnon in London

SR BERNARDO GRINSFON, who will be economy minister in Argentina's new Government, made a strong plea to international banks yesterday to go ahead with a \$500m loan drawing next Wednesday.

"I think it would be a great pity if the loan was delayed," he said in an interview in Buenos Aires. "I want to make it quite clear that once we are in government we will make every effort to reach an agreement with the banks because we don't want anyone to go bankrupt."

"We shall work with good faith and warmth towards a solution of Argentina's debt problems."

His plea coincided with a new text from leading creditor banks to all Argentina's bank lenders asking them to agree to the drawing next Wednesday.

The money will be used to repay an earlier short-term loan and to reduce debt arrears estimated at more than \$500m.

A few creditor banks have yet to agree to the drawing, mainly because of the debt service arrears and because Argentina has yet to sign rescheduling agreements worth \$5bn for about 30 of its public sector agencies.

Despite this the Argentine request to draw a first \$500m instalment was agreed by the De

Israel releases 4,700 prisoners in PLO swap

BY DAVID LENNON IN TEL AVIV AND PATRICK COCKBURN IN BEIRUT

ISRAEL released 4,700 Palestinian guerrillas and Lebanese prisoners yesterday in exchange for six Israeli soldiers who had been held by Mr Yasser Arafat's loyalist Palestine Liberation Organisation forces in Lebanon's war-torn northern town of Tripoli.

Israel agreed to the unprecedented step of emptying the Ansar prisoner of war camp in southern Lebanon of all its 4,700 inmates because of fears that the Israeli soldiers might be killed if the PLO rebels overran the loyalists' positions in Tripoli.

In Tripoli aides to Mr Arafat, the chairman of the PLO, hailed the prisoner exchanges as a victory.

Officials in Jerusalem denied that the agreement included the granting of a safe passage to Mr Arafat if he decided to leave the beleaguered city by passing through the Israeli naval blockade of Tripoli. An aide of Mr Arafat also denied there was any link.

Some 1,000 of the Ansar prisoners were released to their homes in Lebanon, while another 1,100 who opted to go to Algeria were flown out from Tel Aviv on three Air France jumbo jets.

Meanwhile the Syrian-backed rebels fighting Mr Arafat said yesterday in Damascus that they accepted an indefinite ceasefire and would settle their differences by peaceful means.

The rebels had previously said that their ceasefire would run out on Saturday and they would resume their assault on Tripoli if Mr Arafat did not agree to leave.

Prince Saud al-Faisal, the Saudi Foreign Minister, said that agreement had been reached in the Syrian capital to end the fighting and practical details are now being worked out.

Mr Arafat agreed to proposals in principle on Wednesday which included his departure from Tripoli. The relaxation of tension in Tripoli came as Palestinians in refugee camps in the south of Lebanon rejoiced at the release of prisoners.

Mr Yitzhak Shamir, the Prime Minister of Israel, admitted that the release of so many prisoners was "a heavy price" to pay for the six Israeli soldiers, but the threat to their lives left him with no option.

Senior Israeli officers said yesterday that there was a danger that many of the released prisoners would return to active duty with the PLO. The fact that thousands of guerrillas would now be wandering around Lebanon meant that the Israeli forces would have to tighten their security precautions.

Fokker to build new short-range airliners

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

FOKKER, the Dutch aerospace manufacturer, is to develop two new airliners to replace its existing F-27 Fellowship jet and its F-27 turbo-propeller aircraft.

The new jet will be the twin-engine Fokker 100, seating up to 109 passengers and designed to fly distances of about 1,200 nautical miles. The new turbo-prop will be the Fokker 50, and will also be designed for short-range operations.

The aircraft they replace have for many years been best-sellers in the world airline industry, the F-27 selling more than 300 aircraft and the F-27 more than 750.

For the new Fokker 100, the Dutch company has awarded Rolls-Royce a contract for 100 of the new R-R Tay jet engines, worth about £200m to the UK company during the next 10 years, including spares and other support costs.

This follows the order for 200 Tay engines announced some time ago for the U.S. Gulfstream IV jet aircraft, and sets the Tay well on the way to becoming a major source of

service for Rolls-Royce through to the end of this century.

Rolls-Royce is also discussing other applications for the engine, including re-engineing some existing BAe One-Eleven twin-jet airliners. One eventual possibility is a military application for the Tay, although this has not yet emerged.

The Tay, which has a 13,350 lb take-off thrust, is now being developed at Rolls-Royce's Derby works, and is expected to run on the test-bed next year. It is due to enter service with the Gulfstream IV at the end of 1986, and with the Fokker 100 airliner in 1987.

Mr Ralph Robins, director of civil engines for Rolls-Royce, said yesterday he believed the company would eventually sell well over 1,000 Tay engines worldwide, worth more than £2bn, including spares.

The development cost of the engine, which is a private venture by Rolls-Royce, would amount to about £90m, including the first two years of production of engines for airline service.

Olivetti re-sells big stake

By Alan Friedman in Rome

OLIVETTI, the major Italian data processing equipment group, yesterday said it had fully placed the 33 per cent share stake held previously by nationalised French interests. The placing, which involved 100m Olivetti shares with a total value of L350bn (\$218m) was completed only one week after the operation began.

Included in the 33 per cent placing is just under 10 per cent taken by CIT-Alcatel, the French telecommunications subsidiary of the nationalised CGE conglomerate. On November 2, CIT-Alcatel and Olivetti sealed a commercial and industrial co-operation agreement in Paris which will provide for the joint production of a new generation of electronic typewriters in France. CIT-Alcatel thus has 26m shares out of Olivetti's 302m in issue.

An 8.3 per cent stake in Olivetti, representing some 25m shares, has been acquired by CIR and by the De

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EUROPEAN NEWS

E. German
overture
to Bonn

By Leslie Collett in East Berlin

EAST GERMANY has signalled its intention to continue co-operating with Bonn despite the Bundestag vote to deploy new U.S. missiles in West Germany.

Neues Deutschland, the official Communist newspaper said East Germany would strive for "co-operation, peaceful joint actions and disarmament" while refraining from confrontation and from a policy of strength.

East Germany favoured improving Warsaw Pact defences and would "make its contribution." It has said it will pay at least part of the cost of installing new Soviet missiles in East Germany in retaliation for the Nato move.

Representatives from East Germany and West Berlin have held their first meeting since the Bundestag vote on Tuesday evening. Negotiations were held in West Berlin with the aim of transferring operation of the city's urban rail system from East Germany.

The East German Reichsbahn has operated the elevated East Berlin subway since 1945 under allied authority, but no longer wants to subsidise the loss-making system. It would like to lease the railway to West Berlin which has agreed to moderate the crumbling network using more than DM 1bn (£250m) from the Bonn Government.

The mild East German reaction does not preclude retaliatory moves over the missile issue. However, its current economic worries are such that it could ill afford a worsening of relations with Bonn.

The West German Government has repeatedly said it will not guarantee a further bank loan to East Germany unless the latter takes steps to ease contacts between ordinary East and West Germans.

Spotlight falls on Stockholm conference

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE BREAKDOWN of the Geneva talks have brought the European disarmament conference, due to begin here in January, into the spotlight.

It would offer a natural stage for a renewed diplomatic and propaganda offensive by both superpowers.

Officially titled the Conference on Confidence and Security: Building Measures and Disarmament in Europe, the meeting will be attended by nearly 400 delegates from 35 countries—all the European states except Albania, plus the U.S. and Canada.

It is one of the most tangible results of the three-year European Security Conference follow-up meeting in Madrid, and is a further step in the process of building European security and co-operation which was started in Helsinki between 1973 and 1975.

The Soviet decision to walk out of the Geneva intermediate-range missile negotiations "makes the Stockholm conference more important than ever," Mr Lennart Bodstrom, Sweden's Foreign Minister, said yesterday.

A preparatory session has already been held in Helsinki to help draw up an agenda for the meeting, which could last for at least two years.

Discussions in Stockholm are expected to concentrate more specifically on matters of military security than did any of the previous meetings. Initially, at least, the conference is due to discuss measures for increasing military confidence between European states. These would include improved early-warning about military manoeuvres and better exchange of information about the location of military installations and equipment.

Under the first Helsinki agreement in 1975, for instance, member states are supposed to be informed of all manoeuvres involving more than 25,000 troops within 250km of national borders at least 21 days in advance in order to reduce the risk that troop movements could be taken as a pretext for surprise attack.

Such exchange of military information, particularly about new installations and equipment, raises sensitive issues of checking and verification.

The Stockholm conference is also especially important for the Nordic countries, alarmed about the deployment of new Nato medium-range missiles. Sweden and Finland in particular, are concerned that cruise missiles fired from central Europe at the Soviet Union—and above all at the dense military installations on the Kola Peninsula—would inevitably

violate their airspace and territorial integrity.

Sweden has already held military exercises to test the feasibility of shooting down cruise missiles in an effort to show that it can credibly defend its claims to neutrality in the case of war.

For Finland, the situation is even more delicate, given its ties to the Soviet Union in its treaty of friendship, co-operation and mutual assistance. This allows the Soviet Union to call for military consultations if it feels threatened across Finnish territory.

This treaty was prolonged earlier this year for a further 20 years following a visit to Moscow by Mr Mauno Koivisto, the Finnish President. Mr Paavo Vayrynen, the Finnish Foreign Minister, is due to visit Moscow on December 13, a visit that was arranged during the summer.

Missiles top
Mitterrand
agenda
with Kohl

By James Buchan in Bonn

PRESIDENT Francois Mitterrand of France arrived in Bonn yesterday for a 24-hour visit which will be dominated by the collapse of the Geneva talks.

Although the centre-right government of Chancellor Helmut Kohl used its parliamentary majority to endorse the deployment on Tuesday night, the debate has split the country. Mitterrand, constantly invoked in the Bundestag debate as a Socialist "chief witness" for deployment and against the opposition Social Democrats (SPD), can never have been so welcome.

Both Bonn and Paris are pushing themselves forward as intermediaries between the great powers to entice the Soviet Union back into negotiations.

The issue is made complex by Moscow's argument that nuclear weapons in France (and Britain) mean that the present Western deployment is not a step towards disarmament, but instead of a U.S. answer to the Soviet medium-range missiles. This view is echoed by part of the SPD and of public opinion.

After some false starts, Bonn now recognises that it cannot press France to discuss its nuclear forces with the Soviet Union. But it has supported a project, also raised by Mitterrand at a speech before the UN in September, for a conference of all five major nuclear powers.

Expert opinion in Bonn is not enthusiastic about such a mammoth enterprise and suspects anyway that Moscow only emphasised the third-country forces to justify its hostility to Nato deployment and now that has begun—its walk-out from the Geneva talks.

However, this view holds that any display of good will could help Moscow "out of its isolation."

In addition, Bonn and Paris desperately need to close their positions if there is to be any progress in tying up the "package solution" of urgent EEC problems, starting with the Athens summit next month and the French community presidency next year.

There are certain to be differences of opinion about the monetary compensatory amounts, which are supposed to neutralise the effect on farmers' incomes of currency changes and thus work in the West German favour, and over Bonn's increasing efforts to protect its steel industry from subsidised competition, not least from France.

Swedish hopes for
restructured steel
industry dashed

BY DAVID BROWN IN STOCKHOLM

TALKS BETWEEN the Swedish Government and special steel-makers collapsed yesterday, dashing hopes for a broad restructuring of the industry which was to have gone into effect at the start of next year.

Mr Thage Peterson, the Industry Minister, said the Government could not extend the special financing and loan write-offs envisaged under the plan without assurances that the steelmakers would take responsibility for expected losses over the next decade.

Leaders of the special steel industry had proposed to guarantee losses of up to SKr 350m (£30m) and to take collective, rather than individual, responsibility for the two new companies which would have been formed under the restructuring proposal.

The industry has been suffering from weak demand and over-capacity. Last year, it had overall losses of SKr 400m on sales of SKr 5bn, with a 75 per cent of turnover generated abroad.

A government special steel commission concluded earlier this year that the crude steel requirements of four companies could be met by three, or per-

haps even two, production units. Similarly, cold-rolled strip and sheet requirements could be met by four of the existing six rolling mills.

Based on a government financing package worth some SKr 700m, partially tied to plant shutdowns, the steelmakers agreed in principle to merge existing operations into two large companies. The first, a steeling and sheet company, would have an estimated 30 per cent European market share. The second, producing cold-rolled strip and welded tubes, would have taken a 22 per cent market share.

From the start, the weaving together of four traditionally rival companies—Avesta, Uddeholm, Fagersta and Sandvik—was fraught with problems. It was unclear which production units would be closed down and how much would be reorganised. The two new companies would be highly dependent on the owners to absorb the continuing losses.

Both sides were at pains yesterday to emphasise the "doors are still open" for further discussions. The Industry Minister said new ideas on restructuring from the Government were possible.

Greece seeks EEC curbs
on capital flows to U.S.

BY JOHN WYLES IN BRUSSELS

THE GREEK Socialist Prime Minister, Mr Andreas Papandreu, last night advocated EEC controls on capital outflows to the U.S. in an attempt to stimulate European economic recovery.

Unprecedentedly high U.S. interest rates, he said, were imposing "a tremendous drain of liquidity," which did not serve the interest of trade between the U.S. and Europe.

"European savings, instead of being used for investment and restructuring in the European economies are used to finance the U.S. budget deficit."

The U.S. must be prevailed upon "by one means or another" to reverse its use of monetary policy of cover "enormous budget deficits," he said. As a first step, he urged "strict rules to limit the outflow of capital," through taxation or direct controls.

He recognised that capital outflows could not be totally prevented but "even a common move by all European governments to protect their legitimate interests would have a significant dampening effect on the release of funds which would be felt not only in

Europe, but in the rest of the world including the U.S."

The majority of other EEC heads of government lead Centre-Right administrations and Mr Papandreu's proposal is likely to be given short shrift if he repeats it at the Community summit in Athens next month. It was made in a wide-ranging speech at a dinner organised by the Centre for European Policy Studies which revealed that Mr Papandreu has been giving deep thought to the problems of the European Community.

He confirmed his disenchantment with the current Community institutions but argued that the summit, over which he will preside, had the opportunity to adapt the EEC to the needs of the 1980s, which is now very different from the six founding states.

Mr Papandreu emerged as a "big budget" man, implying that his own Government's proposal to raise the ceiling on the Community's budget revenues by about 8.12 per cent (26.8 bn) would not release enough resources to do what was needed.

Community in bid to end
internal trade restraints

BY OUR BRUSSELS CORRESPONDENT

EEC Trade Ministers will seek today to build on recently-established momentum behind the Community's efforts to remove technical and other legal barriers to trade within the Community.

Some political pressure is being put on today's so-called Internal Market Council by the need to provide a report on progress made since June to the EEC heads of government summit which starts in Athens in nine days' time.

Although all governments are attaching new priority to "completing" the Common Market, this has not made it a great deal easier to sweep away technical objections and political opposition to many European Commission proposals which have been gathering dust for years.

At their last meeting on October 24, Ministers did agree in principle on a directive, due to come into force a year after final adoption, simplifying some border formalities hampering the carriage of goods between member-states.

In the wake of this achievement, governments have been making some headway towards adoption of a single customs document for the EEC.

The meeting will also be looking for a breakthrough leading to the adoption of 15 technical directives setting common standards for lifting gear, steel gas bottles, aluminium gas bottles, building materials and equipment, apparatus using gaseous fuels, electric lifts,

manometers and thermometers. Also included are electrical interferences with radio reception, electrical medical apparatus, sound levels of pneumatic drills, generating sets for welding, power generators, compressors and lawn mowers.

Adoption of these has been resisted by an argument about whether third-country goods satisfying EEC standards should be able to obtain Community certification. France has demanded a basically protective procedure, which has been resisted by other member-states.

The way may have been cleared for agreement by a move to shelve three directives governing motor-cars which are at the heart of French concern. Adoption of these has been resisted by other member-states.

But Paris might still block the 15 directives if France maintains a link with the proposed common commercial policy instrument for dealing with third-country "fair trading."

Negotiations on this have stalled over the procedure to be employed in agreeing to protective measures.

Hungary 'will cut debt despite trade outlook'

BUDAPEST - Mr Matyas Timar, president of the Hungarian National Bank, said his country will be able in both 1983 and 1984 to chip away at its hard-currency debt bill of some \$1.3bn despite this year's drought and sluggish world economy.

"Our net indebtedness will fall in both years," Mr Timar said. Hungary's efforts to cut indebtedness and bolster its trade balance are the keystones of a concerted campaign to regain footing after last year's liquidity crisis.

A combination of external factors at the time led to a sharp drop in the National Bank's deposits, forcing a crisis which eventually re-

quired a bail-out by Western central banks.

Mr Timar doubts that the crisis could occur again. It had been caused mainly by the sudden withdrawal of several million dollars in deposits held by certain oil-producing countries and countries at war in the Middle East," he said. At this point, however, such countries have "very little" in deposits left in Hungary, he said.

Hungary's foreign reserves have been steadily rising since the crisis, but still have not recovered to the pre-crisis levels of 1980 and 1981, he said.

In the case of future borrowings, Mr Timar said Hungary will draw

the last remaining tranche of a \$600m credit from the International Monetary Fund (IMF) by the end of this year.

He said he hoped that Hungary could "strengthen" its relationship with the IMF in addition to efforts to continue relationships with commercial banks for procuring bank-to-bank funds and syndicated credits.

Mr Timar expects that the \$500m hard currency surplus achieved in 1982 will be "slightly" surpassed in 1983 and further improved in 1984.

The campaign to widen the trade surplus has put a heavy strain on the domestic economy, however,

with investments cut and consumption tending to stagnate.

Mr Timar noted that domestic interest rates had been raised "considerably" in 1983 with key rates lifted as high as 14 per cent. He added, however, that these levels were "high enough" and that "we don't plan any changes for the months ahead."

Interest rates in Hungary are set by the National Bank in line with domestic needs and foreign trends, and are then approved by the Council of Ministers.

Mr Timar was sceptical about prospects in the near term for Hungary's most ambitious and most publicised monetary project, the ef-

fort to make the forint the first East bloc currency fully convertible with Western currencies.

First steps were taken several years ago but Mr Timar said he did not believe it would happen as early as 1984. "The situation isn't ripe," he said. "There are too many problems with the world financial system at this time."

"It hasn't been put off the agenda but it's been delayed," he said. Commenting on Hungary's general efforts to maintain its reputation with Western bankers, he said he believed that bankers are coming to appreciate the distinctions in Eastern Europe's various economies.

Turkish banks takeover
approved by cabinet

BY DAVID BARCHARD IN ANKARA

THE TURKISH Cabinet yesterday authorised the state-owned Ziraat (Agricultural) Bank to take over the assets of three insolvent private banks, in the hands of the Treasury since last March.

The three banks are the Hisarbank, and the Odibank, both formerly part of the Kozanoglu Cavusoglu group, and the Istanbul Bankasi, part of Has Holding.

Transactions in branches of all three have been suspended until Monday when they will reopen as branches of the Ziraat Bank. About 160 branches and 2,800 employees will be informed in the next

few weeks whether their services are still required.

Meanwhile, the Ziraat Bank has been given funds by the Treasury to pay of the three banks' debts. Any assets remaining will be distributed to shareholders.

The three banks became insolvent after a savings crash last year and their fate appears to have been sealed by payments delays on Kozanoglu Cavusoglu's contracting operations in Libya.

Mr Bulend Ulu, the Prime Minister, offered his resignation to President Kenan Evren yesterday as the cabinet met for the first time.

Fianna Fail
wins Dublin
by-election

Ireland's opposition Fianna Fail easily held the Dublin Central seat in a by-election caused by the death of Mr George Colley, a former deputy leader of the party, writes Brendan Keenan. The main government party, Fine Gael, saw its vote drop by some 8 points from the 32 per cent it won in the general election a year ago. Party officials thought many of their middle-class supporters stayed away in protest at the government's tough tax and spending policies. The total poll was below 50 per cent.

Labour, the junior coalition partner, polled less than 2,000 votes out of a 32,213 total. There is considerable opposition in the constituency to Labour's participation in the coalition.

Another suspect cargo

Swedish Customs are examining a second consignment of goods, this time in Malmo, which they believe is connected with computer equipment which the U.S. claims is being smuggled to the Soviet Union, the customs authority told Reuter in Stockholm yesterday.

Irish offshore well

Gulf oil said yesterday it has started drilling a first appraisal well in the Celtic Sea at the spot where it struck oil earlier this year. Reuter reports from Dublin. The well, some 30 miles off south-east Ireland, was spudded on Monday.

W. German rail cuts

West Germany's state railways plan to cut 70,000-80,000 jobs and close 4,300 miles of track by 1990 to try to stem increasing losses, Reuter reports. Bonn. The aim is to cut costs by 25 per cent and raise productivity by 40 per cent.

Dutch Cabinet firm on pay cuts

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government reaffirmed yesterday that it was not prepared to make further concessions to trade unions over public sector pay.

Mr Kees Rietkerk, the Home Affairs and Civil Service Minister, who is handling the public pay negotiations for the Government, said he saw no point in even continuing the discussions unless the unions were ready to concede the necessity for cuts.

The Minister won the support of a majority of MPs for his point of view, with Christian Democrat and Liberal members

remaining effectively united in spite of the doubts expressed by some Christian Democrats about the wisdom of such a determined Cabinet stand.

The Cabinet proposes to reduce public sector wages by 3 per cent from January 1.

The unions, meanwhile, representing some 700,000 public employees, including civil servants, public transport operators, post office workers and customs officials, have stepped up their protest campaign.

They blocked the Amsterdam stock exchange yesterday, preventing morning trading,

and halted most local transport in the Netherlands. There are to be more strikes affecting key services.

Public institutions have begun to count the cost of the campaign. Dutch Railways has lost an estimated Fl 25m (£5.6m) in fares and some Fl 30m as a result of the postal strike.

In all, the action is costing the country an estimated Fl 40m a week. Strikers are also losing pay and could end up considerably worse off than if they had accepted Mr Rietkerk's cuts without a fight.

Information technology concern

BY PAUL CHEESNIGHT IN BRUSSELS

EUROPE will not be able to close the information technology gap with the U.S. and Japan, according to a report on information technology-oriented consumer goods, a senior West German official said yesterday.

The consumer electronic game has already been played and its outcome was decided in the 1970s, Herr Uwe Thomas, director of the information technology division of the Federal Ministry of Research and Technology in Bonn, told the annual conference of the Centre for European Policy Studies in Brussels yesterday.

His warning came against a background of increasing concern about the fragmented and relatively small information technology effort in the EEC. The sector has been undergoing rapid expansion, but EEC producers' share of a developing market has been eroded.

What is economically important, Herr Thomas said, is to integrate information technology in the capital goods industry, to use it for generating productivity, for innovating to protect resources and to manufacture goods which do not damage the environment.

New opportunities can be found in the integration of microelectronics in motor vehicles, in the development of office technology and the production of software for plant construction and process control, he said.

We should continue to manufacture first class colour television sets in Europe—but we should by no means make a second steel industry out of this sector if it should get into trouble," he commented, a week after the visit of an EEC mission to Japan to seek export restraint in the sector.

Iceland urged to maintain tough policies

BY KEVIN DONE

MEASURES TAKEN by the Icelandic Government to reduce the country's excessive inflation and its large external deficit "are in the right direction, but they represent only a minimum of what is necessary," claims the latest OECD annual survey of the island's economy.

Earlier this year, inflation in Iceland was running at annual rate of more than 130 per cent and the country's current external deficit had jumped to about 10 per cent of gross national product.

Following the general election in April and a package of harsh economic measures in May, inflation is now falling and Iceland's trading performance is improving. The OECD stresses, however, that the Government must continue with restrictive monetary and fiscal policies.

Success in restoring more stable conditions for viable growth over the medium term may well require a strengthening of anti-inflation policy and the perseverance with such policies over a prolonged period," says the report.

The May economic package included the suspension of wage-price indexation for two years, limited pay increases up to February 1984, and a 14.6 per cent devaluation of the krona.

The measures have had their biggest impact on real personal incomes which could fall by as much as 13 per cent over the whole year.

This loss of real incomes is expected to cut imports sharply, helping to relieve the pressure on the current account, and although the fish catch is expected to fall again this year, the OECD does

expect other exports to expand strongly with the recovery in world trade.

Inflation too has been falling and is expected to be down to an annual rate of about 30 per cent by the end of the year. The Government is aiming to bring inflation down below 10 per cent by the end of 1984.

Against the OECD, real GNP could fall by as much as 6 per cent this year, but in its 1984 budget statement the Government forecasts that the decline in GNP will slow next year with a fall of 2.5 per cent.

LEGAL NOTICES

THE COMPANIES (WINDING-UP) ACT, 1977
NOTICE OF WINDING-UP ORDER

Name of Company: Ajax Insurance Company Limited
Address of Registered Office: Clarendon House, Church Street, Hamilton, Bermuda
Court: The Supreme Court of Bermuda
Number of matter: 1983 No. 74
Date of order: 17th November, 1983
Date of presentation of petition: 21st March, 1983
Appointment of Joint Provisional Liquidators: A. Verbens Daniels, Official Receiver and Charles W. Kempe, Jr Government Administration Building, Parliament Street, Hamilton, Bermuda
Provisional Liquidators: Appleby, Spurling & Kempe 30 Cedar Ave, Hamilton, Bermuda
Attorneys for Joint Provisional Liquidators:

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NOTICE TO BONDHOLDERS
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INSEC BIN 27 PORT

AMERICAN NEWS

Jamaica devalues by 57% against dollar

BY CANUTE JAMES IN KINGSTON

JAMAICA has devalued its currency by 57 per cent against the U.S. dollar in order to meet conditions for \$180m in new credits from the International Monetary Fund.

Mr Edward Seaga, the Prime Minister and Finance Minister, announced that the new exchange rate will be J\$3.15 to one U.S. dollar. The devaluation has ended a three-tiered exchange rate system which has operated since January.

The devaluation follows an impasse between the Government and the IMF over economic performance criteria for a three-year extended fund facility scheduled to end next March.

The Government said it had met the criteria for the quarter ending September, and was eligible for the remaining \$80m from the facility, but the IMF disagreed with the methods Jamaica had used to compute its figures.

The new loans, in the form of a standby facility, will be drawn down between January and March of 1985.

The new agreement with the fund is likely to simplify the island's efforts to obtain a new schedule for repaying about \$150m which is owed to several creditor banks.

Mr Seaga did not refer to the request for rescheduled payments, which is being co-ordinated by the Bank of Nova Scotia. The Government wants the loans, due between now and March 1985, to be rolled over into a single package maturing in 1990.

The devaluation will fuel a round of price increases, pushing inflation well above the 18.5 per cent annualised rate for this year. Inflation last year was 6.5 per cent.

Fuel and food prices will jump, although Mr Seaga indicated that Government subsidies will be used

to hold food prices until the end of the IMF credit facility.

The Prime Minister forecast that the devaluation would increase earnings from Jamaica's raw material and agricultural exports, and from tourism.

It is the fourth time in eight years that Jamaica has failed to meet performance criteria agreed with the IMF.

The last occasion was in March, after which the Government applied for, and obtained a waiver of the criteria. Releasing remaining tranches from the \$650m three-year facility granted in 1981.

The Government has also scrapped requirements for foreign exchange quotas and import licences for the business community, removing one source of disagreement with the local business community.

Cuban aid workers quit Nicaragua

CUBA HAS withdrawn over 1,000 advisers and technicians from Nicaragua. The move was prompted by the Cuban leader Dr Fidel Castro's desire to lessen his country's involvement in Nicaragua following the invasion of Grenada. Our Foreign Staff writes.

News of the Cubans' departure was revealed on Wednesday by the New York Times and confirmed yesterday by sources in Nicaragua close to the Sandinista government. The Nicaraguans have never given precise figures on the number of Cubans helping in teaching, civilian reconstruction, agricultural projects and in training the armed forces.

However, there are believed to have been over 6,000, with some 2,000 acting as teachers. Dr Castro recently said that there were only 200 military advisers, though U.S. officials claim there are more.

Pinochet sidesteps the minefield

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, RECENTLY IN SANTIAGO

"BEFORE, we used to spray anti-Pinochet slogans on the walls at night and run; now we can do it during the day unhurried. This is about all we have achieved so far from the protests in Chile." This useful comment comes from a student leader in Santiago, who two months ago thought the end of the Pinochet dictatorship was close at hand. Now he is revising his opinion.

By offering a measure of liberalisation and astutely exploiting the weakness of his opponents, Gen Pinochet has bought himself a breathing space. After being badly shaken by the wave of protest that has swept Chile this year, he has regrouped some support from among the middle classes.

Government officials felt confident enough to dismiss in advance last Friday's protest rally in Santiago, attended by some 200,000 people as having no more impact than a rowdy football crowd would have on an unpopular referee.

Their attitude may be overconfident, given the underlying seriousness of Chile's social and economic problems, but it shows that Gen Pinochet can still hold the initiative.

Gen Pinochet has benefited from a fragmented opposition — political parties were banned in the wake of the overthrow of the late President Salvador Allende — and have been in the wilderness for 10 years. They were caught even more unprepared than Chile's leader by the popular protest movement which began in May.

The protests originated in the trades union movement, organised by a new and younger leadership unconnected with the Allende era. The main figure to emerge, Sr Rolf Seguel, head of the powerful copper workers' union, is aged only 39.

The stimulus for the protests was the vertiginous 14 per cent



Soldiers guard a Santiago bank during a day of protest.

drop in gross domestic product last year, which caused a sharp rise in unemployment. Over one third of Chile's 3.7m labour force is now either out of work or employed below minimum wages in public works programmes.

The political parties were at first swept along in the wake of the protests, but from August onwards sought to get on the handwagon. The monthly protests became more formalised and ritualistic events, yet without any clear strategy or objective. Differences of approach emerged and now the Centre and Right parties, which have formed the Democratic Alliance, are clearly alarmed at backing violent anti-Pinochet action.

Political differences were compounded by Gen Pinochet's appointment in August of the former head of the Right wing National Party, Sr Sergio Jarpa,

as Interior Minister and effectively Prime Minister. Sr Jarpa's brief was to establish a dialogue with the political parties, paving the way for their legislation within the framework of a "guided democracy" by 1989. The Democratic Alliance, dominated by the Christian Democrats, responded eagerly to Sr Jarpa's overtures — as much as anything to isolate the Left.

The Left, more than two months after forming into a front, the Popular Democratic Movement (MDP), is still badly split between those who believe a dialogue is the best means of achieving a return to democracy and those who insist that Gen Pinochet must be toppled.

Neither of these two broad opposition alliances have obtained the unequivocal support of the trades union movement, which itself is disunited. These divisions have helped

Gen Pinochet's policy of divide and rule. He has refused to countenance the legislation of the Communist Party, which accounts for about 12 per cent of the vote, putting the other parties in a quandary.

The armed forces have kept studiously out of the debate, except for one leading figure, Gen Fernando Matthei, commander of the Air Force, who has said he would be willing to sit down with the Communists. Taking advantage of this infighting, Gen Pinochet has stalled Sr Jarpa's dialogue with the Centre and Right, raising doubts about his serious intentions towards liberalisation.

The immediate dangers to Gen Pinochet are on two fronts. First, there may be limits to the use of the armed forces in controlling demonstrations. The chief government spokesman, Sr Alfonso Marques de la Plata, conceded that their use in September was an error.

Secondly, Gen Pinochet risks a showdown with Sr Jarpa. Close colleagues say he is sincere in wanting to liberalise the regime and will resign if he cannot get his way. If this happens, Gen Pinochet has no skilled intermediary acceptable to the political parties.

On the other hand if Sr Jarpa is allowed to continue unharmed, then Gen Pinochet will have to give ground, perhaps even be pushed into a figurehead role. This seems unwilling to contemplate before 1989, the date set down in the 1980 constitution.

Gen Pinochet is, therefore, surviving by side-stepping the mines rather than defusing them. His confidence that he can ride out the present storm would be better based if he could count on an improvement in the economy. But the economic indicators show no positive sign of recovery and an explosive mass of unemployed is the regime's achilles heel.

Commonwealth heads divided over Grenada

BY ROBERT MAUTHNER AND JOHN ELLIOTT IN NEW DELHI

THE RECENT U.S. invasion of Grenada yesterday provoked a sharp rift at the Commonwealth Heads of Government meeting in New Delhi and almost certainly ruled out a condemnation of the military intervention in the final communiqué.

Most of the criticism of the U.S. action and of the Caribbean states that supported it came from the African states, led by Dr Kenneth Kaunda, the President of Zambia, and Mr Robert Mugabe, Prime Minister of Zimbabwe.

One of the prime ministers present, believed to be Mrs Indira Gandhi of India, was reported as saying she had never heard of such specific attacks being made on any of the member countries by other members during the four commonwealth conferences she had attended.

The African leaders, supported by others including those of Mauritius and the Solomon Islands, said the entire Commonwealth convention of non-intervention in the internal affairs of a member country had been attacked and destroyed.

The invasion was in total contravention of all the principles of international law and against the United Nations

NEW DELHI — Alastair McIntyre, a Grenadian economist named two weeks ago as head of the island's temporary Government, will be unable to take up the post because of illness, the commonwealth secretariat said yesterday.

Commonwealth Secretary-General Siridath Ramphal said that Mr McIntyre, 51, needed four months of medical treatment in Geneva,

where he has been based as a U.N. official. The announcement was made to Government leaders attending the commonwealth summit in Geneva. It was not known yet whether the commonwealth secretariat would be involved in trying to find a successor. McIntyre is deputy Secretary-General of the U.N. Conference on Trade and Development (UNCTAD). Reuter

the invasion of Grenada," they said.

However, the eastern Caribbean states which supported the U.S. action were not contrite. The leaders of Antigua and Barbuda, St Kitts and Nevis and Miss Mary Eugenia Charles, Prime Minister of Dominica, stressed that the intervention in Grenada had been "a rescue mission," not an invasion.

It had certainly not been undertaken for ideological reasons, they said. The Caribbean states had lived with Mr Maurice Bishop, the late Grenadian leader and his particular brand of Marxism for several years without intervening, they stressed. But the presence of

Cuban arms and personnel in Grenada and the coup which overthrew the legal government of the island had created a dangerous situation that could have spread throughout the region.

The members of the Organisation of Eastern Caribbean states (OECS) expressed their intention to set up a regional security force in the area so that, in future, they could look after their own security.

Mrs Margaret Thatcher, the British Prime Minister was seen to be keeping a low profile during the whole of yesterday's debate on Grenada, but said she had found the speeches of the Eastern Caribbean leaders "profoundly moving." It was clear that Britain did not want to offend the U.S. over the issue.

Mrs Thatcher said the Commonwealth leaders should now look to the future and, during their weekend meetings in Goa, discuss what could usefully be done to guarantee the security of small states.

The UK and Australia have already offered to provide any help the Grenadians and other Caribbean states may request. This is likely to take the form of police training and assistance in the organisation of free elections.

Mexico aims for \$1bn annual trading deficit

BY WILLIAM CHISLETT IN MEXICO CITY

MEXICO is planning to run a current account deficit of \$1bn next year, after a surplus of more than \$4bn in 1983, as part of its strategy to stimulate a modest economic recovery.

Sr Angel Gurria, the director general of public credit, said the deficit

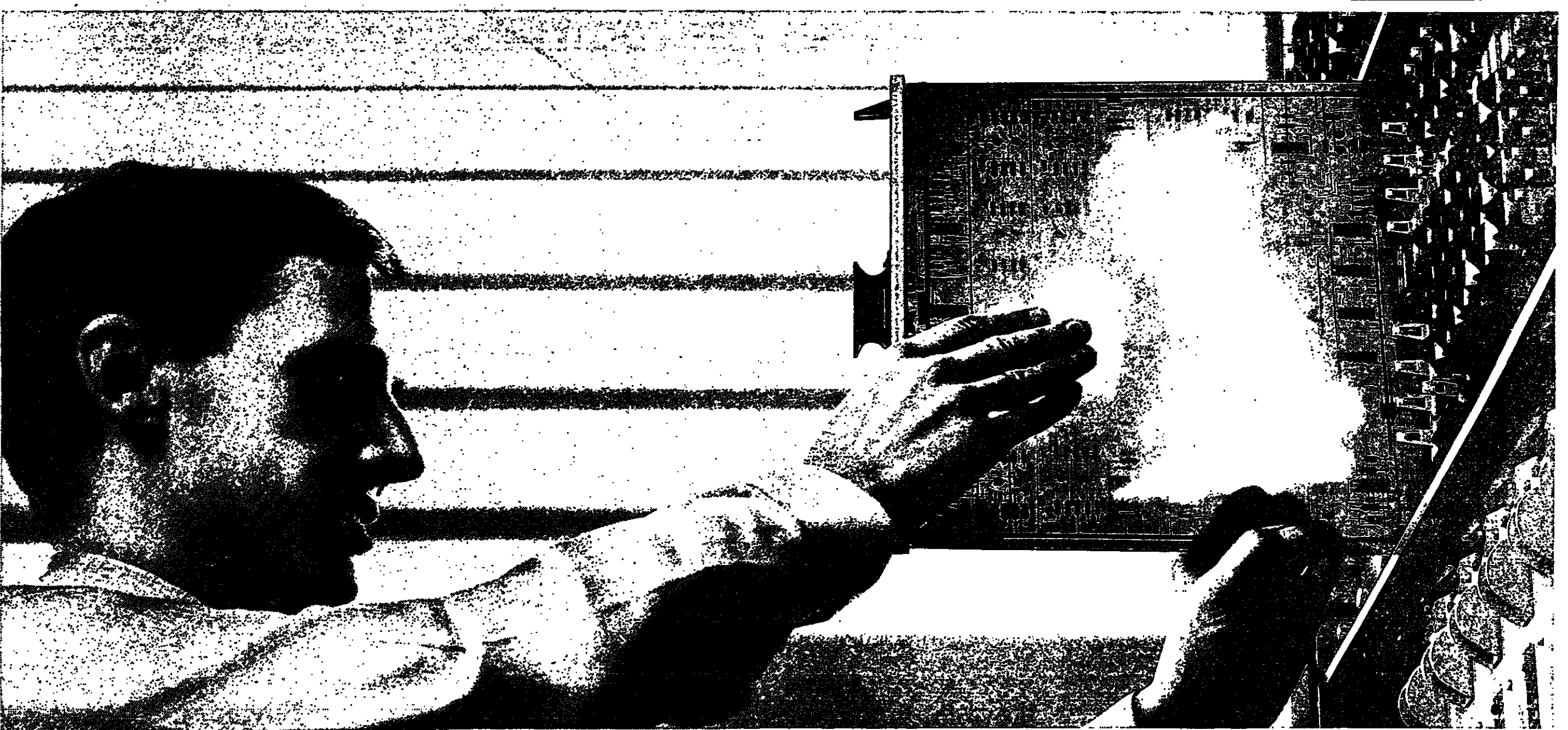
took into account imports of \$12.8bn in 1984, up from a minimum of about \$8bn this year, interest payments on the \$58bn foreign debt of \$10bn to \$11bn and repayments of borrowing principal of about \$4.5bn.

He said the deficit would be financed by \$3.5bn to \$4bn from in-

ternational banks, \$1bn of U.S. agricultural credit for food imports, around \$1bn of credits from multilateral financial institutions like the World Bank and another \$1bn from official agencies like Eximbank of the U.S.

Mexico's formal discussions with

its international bank creditors over the terms of the loan, have been put back two weeks to December 12 to allow a team from the International Monetary Fund (IMF), which has a stabilisation programme with the country, to look at the progress the Government is making.



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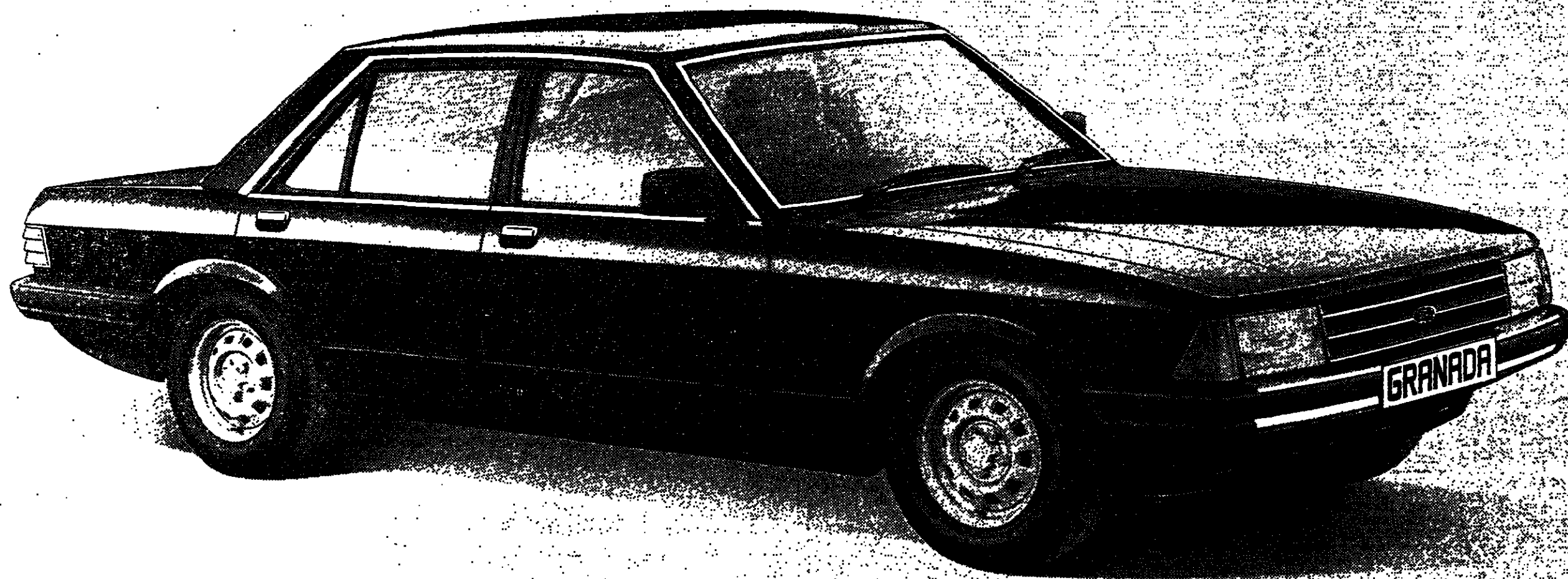
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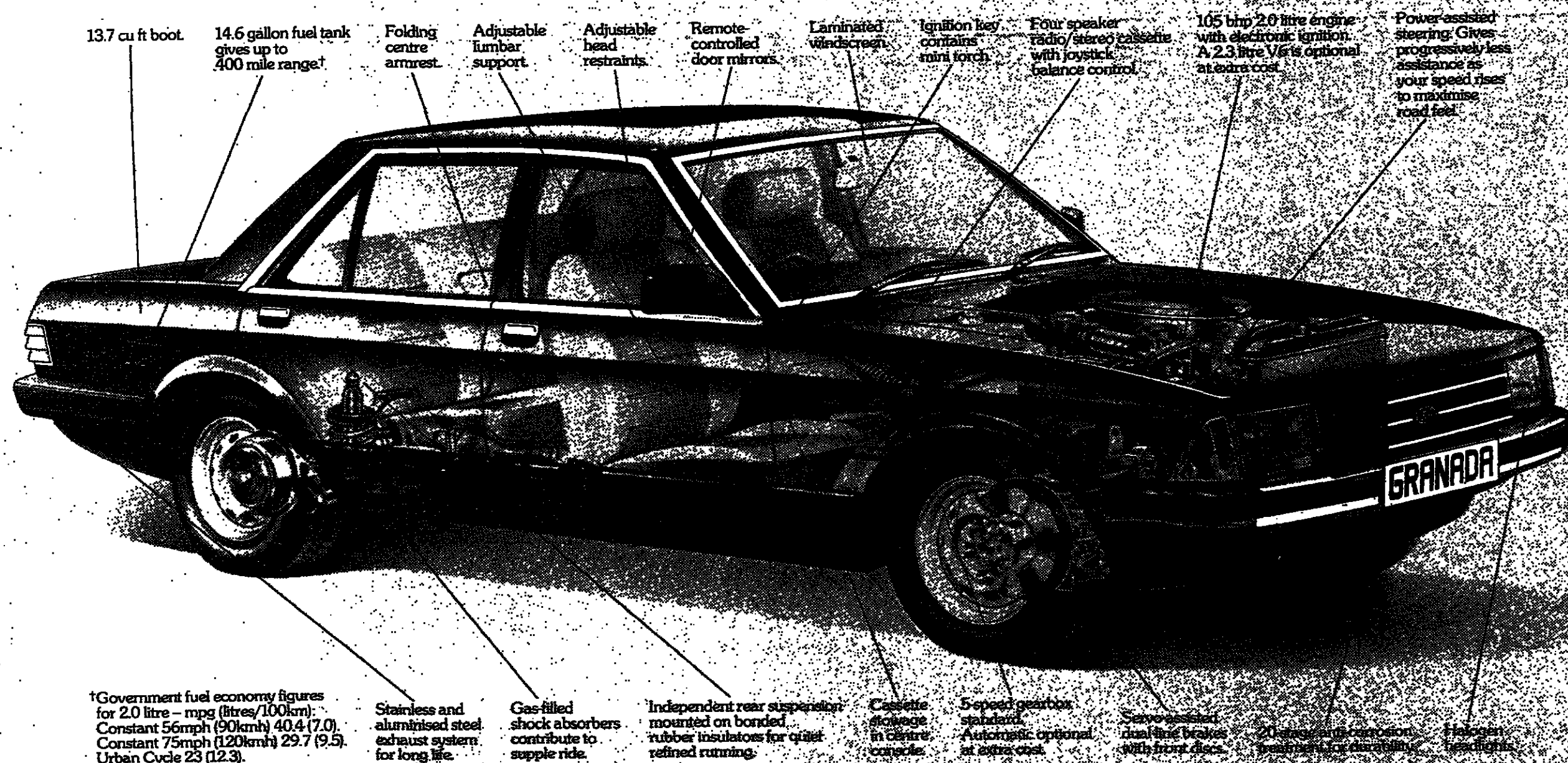
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Power-assisted steering. Gives progressively less assistance as your speed rises to maximise road feel.

†Government fuel economy figures for 2.0 litre - mpg (litres/100km): Constant 56mph (90kmh) 40.4 (7.0). Constant 75mph (120kmh) 29.7 (9.5). Urban Cycle 23 (12.3).

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ignition which gives it a maximum speed comfortably over 100 mph. (If you'd like still more power a 2.3 litre V6 is also available.)

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prefer it, but obviously it costs more.)

Then, of course, there's the Granada's sophisticated all independent suspension system, a feature that's still noticeable by its absence in some cars that aspire to this class.

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*Max. price exd. delivery and number plates. Car illustrated is a 2.0 L saloon with optional black paint at extra cost.

FORD GRANADA L



WORLD TRADE NEWS

Brazil, Nigeria to revive bilateral trade

By Andrew Whitley in Rio de Janeiro

BRAZIL and Nigeria have agreed to conclude a 90-day payments convention, in the hope that this will revive a bilateral trade which has slumped to a quarter of its 1981 peak of \$1.5bn.

Nigeria's difficulty in making payments abroad was identified by St Carlos Viacava, the Brazilian trade chief, as the principal obstacle to a potentially large revival in their trade. "It wants to buy everything, everything," he reported in Rio de Janeiro on Wednesday, on his return from a tour of five African countries with President João Figueiredo.

St Viacava said the Nigerians had expressed an interest in a wide variety of Brazilian domestic goods, such as lamps, ovens and refrigerators, as well as clothes, cars and foodstuffs, including chicken and meat.

However, arrears on payments to private Brazilian companies have climbed to about \$150m, equivalent to 60 per cent of a last year's exports to Nigeria, he admitted. Volkswagen do Brasil and the Brazilian subsidiary of Mercedes Benz, which supply Nigeria with CKD cars and built up buses, are probably the worst affected companies.

The Brazilian trade chief said a mission from the Nigerian Central Bank would be visiting Brazil soon to discuss a credit payments arrangement. This would probably have a ceiling in the range of \$100m to \$150m, with accounts settled every quarter.



President Figueiredo

Brazil already operates similar conventions with Argentina and Mexico, which it uses to import grain and oil.

During President Figueiredo's visit to Lagos the two governments also agreed to establish military ties, including the training of Nigerian officers in Brazilian military academies, and the sale of Brazilian weapons to the Nigerian armed forces.

Press reports said arms sales worth up to \$2bn were being discussed.

The target is to increase Brazilian exports to Nigeria to \$500m, a year level, double last year's total of \$245m. In 1981 Brazilian exports, mostly of manufactured goods, came to \$729m.

UK group shares in barge route to Mid-East

By Hazel Duffy, Transport Correspondent

A NEW transport route to the Middle East making use of the Danube has been set up following an agreement between Cave Wood Transport, a UK company, and Donau-Lloyd Mat.

Donau-Lloyd Mat is a company which has been formed by Bayerischer Lloyd of West Germany and So-MAT, a Bulgarian transport operator.

The specially designed roll-on / roll-off catamaran barges currently entering service will take trailers down the Danube from Passau in southern Germany to Vidin in Bulgaria.

The trailers will then proceed via the Bulgarian road network through Turkey to Iran, Iraq, Kuwait, Jordan, Afghanistan and Pakistan.

A major advantage of the waterway connection, the company claims, is that British shippers will be able to avoid permit restrictions and heavy road taxes.

The Danube leg of the journey will take between four and five days, with loading and discharging, and will permit a saving in freight rates for the full journey of about 10 per cent.

Three front-runners for Pakistan road

By John Elliott, South Asia Correspondent, recently in Islamabad

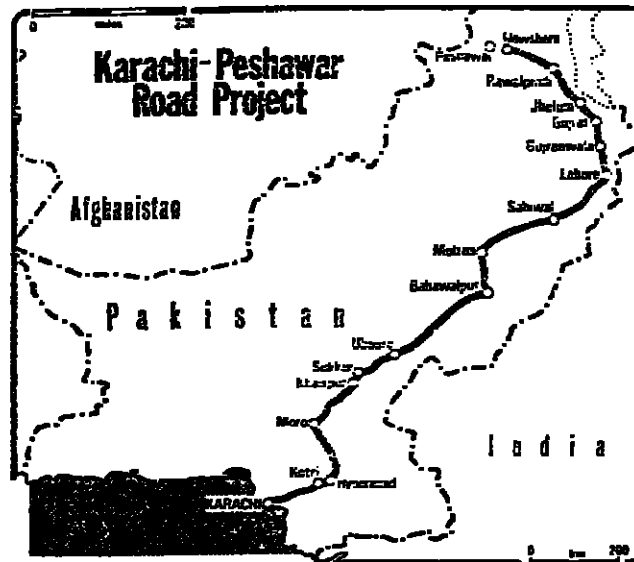
THREE INTERNATIONAL groups of contractors and financial organisations including companies from the U.S., Europe and Asia have emerged as front runners for financing and building a \$700m, 1,540 km road building project that will form part of Pakistan's national highway.

The Pakistan Government is giving the project "first priority" in the highways section of its sixth five-year economic plan (1983-88). The cabinet is expected to consider the bids by the end of the year.

The total project is one of the world's largest road-building schemes. If it goes ahead as planned, it will test the viability of a basically private sector financed operation which many institutions and governments believe to be impractical.

The national highway runs from Nowshera, near Peshawar, a few miles from Pakistan's northern border with Afghanistan at the Khyber pass, to the Arabian Sea port of Karachi in the south. Not only is it a vital route for conventional commercial business, it is understood to be a conduit for the heroin trade.

In their invitations for bids the Pakistan Government has reduced a list of 10 possible groups to six, three of which have already declared the name of their banks and appear to be the front runners. One of the three is Indus Highway Constructors, which has the support of the U.S. Government. It has been



formed by Dillingham of the U.S., and includes Gammon Pakistan as well as Nasa, a Peshawar-based company which might link up with Pauling of the UK. Several local contractors might take responsibility for individual sections.

The second is Pakistan Highway Constructors. It has the backing of the Italian Government which has offered special export credits with a Euro-currency loan. It is led in Pakistan by Adamjee Construction, part of the Karachi-based Adamjee family's group of companies, and includes inter-

the total financial package offered, not the basic construction tender.

The Pakistan Government wants the successful group to provide some \$500m in finance and will subscribe about \$150m itself as equity. The contractor's funding will be a 16-year loan covering 10 years construction and six further years for repayment. This brings the total gross cost to an estimated maximum \$650m including interest. Tolls will be charged.

The National Highways Board, which is responsible for the project, wants to repay loans by using 60 per cent of the annual toll receipts, which are estimated to be \$1bn after 10 years full operation.

DMN is believed to have submitted the lowest construction tender of \$610m compared with \$674m by the Adamjee group and \$743m by the Dillingham group. DMN's total finance package cost is not known. Adamjee is believed to be the lowest at \$905m. The Dillingham package is thought to be \$1.2bn.

Dillingham has suggested that the existing highway, which the Government had intended to improve separately over a long period, should be rebuilt in sections as soon as traffic can be switched to the new road. This would add an estimated three years to the 10-year construction programme, but would mean that tolls could be charged immediately on both carriageways.

India takes first step to small computers

By John Elliott in New Delhi

THE INDIAN Government has taken the first step towards possible manufacture of micro-computers.

One of its publicly-owned electronics corporations, Semi-Conductor Complex of Chandigarh, has ordered 200 of the Acorn BBC type of micro-computer, being presented as a gift this week to the President of India, Mr Zail Singh, by Queen Elizabeth.

The Indian Government is now beginning to explore the potential for using micro-computers in schools. Dr P. P. Gupta, Permanent Secretary of the Department of Electronics in Delhi, discussed this during a recent visit to London.

The Semi-Conductor Complex order was confirmed at the end of last month and is worth some £700,000. Later, the Government is likely to draw up plans for assembling knocked-down kits and then manufacturing in India although no firm plans have yet emerged.

This development coincides with the Electronics Department examining four proposals from four companies based in the U.S., UK and France, for a joint venture manufacturing large and medium-sized computers in India.

Russia threatens ban on Ladas for E. Germany

By Leslie Collett in East Berlin

THE SOVIET UNION has told East Germany it will halt deliveries of Lada cars next year if it does not receive the most modern East German machinery and the highest quality consumer goods in return.

East European trade officials said East Germany is taking the warning seriously as Moscow abruptly cancelled its annual export of some 30,000 Lada cars to East Germany in 1981.

Deliveries were resumed last year and the Soviet cars currently account for nearly 20 per cent of the East German car market.

East Germany cannot afford to buy cars in the West and other East European auto-

manufacturers such as Skoda and Polski Fiat would rather sell to the West for hard currency than to East Germany. Moscow is said to be especially eager to obtain large quantities of East German furniture and food processing equipment to improve the lot of the Soviet consumer.

East Germany sells much of its furniture and its best machinery to the West in order to pay off the more-than-\$8bn it is estimated to owe Western banks this year and next.

East Germany is said to be contemplating a sharp increase in its current production of 171,000 cars annually. However, this would entail heavy investments which the country cannot afford.

'New tyre' developed

HANOVER — Continental Gummi-Werke has developed a new tyre that could be in production in four to five years and has a market potential of around 30 per cent in the U.S., Japan and Europe, Herr Helmut Werner, the company's chairman, said yesterday.

The new tyre hooks over the rim of the wheel rather than hanging from it, has a 10 per cent higher life expectancy than a standard tyre and offers 15

per cent less road resistance, according to Conti calculations.

Other advantages claimed by Conti are that the new tyre is lighter than the standard one, has better wet-weather grip, more room for brakes and better performance if punctured.

The tyre has only been tested on cars so far but is also intended for trucks, and Conti estimated it will produce a 3 per cent fuel saving for cars. Reuter

Renault unit to set up joint venture

RENAULT AUTOMATION, a unit of the French state-owned Renault motor group, is to set up a joint venture with Coherent, the U.S. group which specialises in laser technology, to design and manufacture machines and automated systems using laser beams.

The agreement calls for Renault Automation to acquire a 51 per cent stake in Coherent's French subsidiary, Laser Optronic France. The company, which will change its name to Laser Systems, will design and market machines and systems to be manufactured by Renault Automation.

The venture will concentrate on applying laser technology to machines and systems involving cutting, drilling, welding and heat treatment operations. Renault said the venture will be open to other French partners.

Cern raises UK share of budget

Financial Times Reporter

BRITAIN'S Science and Engineering Council faces a £7.5m (\$11m) shortfall because the UK Treasury has made no provision for the council's increased contributions to the European Centre for Nuclear Research (Cern), an international physics laboratory near Geneva.

The council is the British Government's agent for contributions to Cern. Cern calculates the annual contribution of each of its member states in Swiss francs and bases it on the gross national product of each contributor. Britain's share has been raised from 14 to 16.1 per cent for the next three years.

Call for UK push in West Africa

By Peter Blackburn in Abidjan

BRITISH businessmen have been urged to make a greater effort to win a larger share of West African, especially French speaking, markets, worth some \$26bn in 1982.

British exports to 22 countries from Mauritania to the Congo amounted to only \$2.6bn in 1982 of which 75 per cent went to Nigeria, according to IMF trade statistics.

"Exporters should look beyond Nigeria. There are another half dozen countries maintaining annual imports at over \$1bn despite the recession," Mr Michael Daly, head of the West African department at the Foreign Office, said in Abidjan this week.

Addressing some 50 British businessmen attending the first conference organised by the Confederation of British Industry in West Africa, Mr Daly said good opportunities existed in French-speaking countries such as Cameroon, Gabon, Congo and the Ivory Coast.

Speakers singled out Cameroon, the region's newest oil exporter, as the brightest prospect.

Cameroon remains under-borrowed with total external debt of \$2.6bn and a debt service ratio of 12 per cent.

"British businessmen are five years late in Cameroon," one speaker complained. However British companies will be given the chance to make up lost ground there when a \$40m mixed credit aid package is signed shortly.

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UK NEWS

Bill for imports jumps by 10% in month

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

IMPORTS SURGED in October, swinging the current account of balance of payments into a deficit of nearly £270m according to the latest official estimate out yesterday. The figures underlined official concern about the steady increase in imports this year. But the October surge was also taken in Whitehall as an encouraging sign for the strength of economic recovery. This is because there were particularly sharp increases in imports of basic materials and capital goods as well as in manufactured items.

The view is that industry may have been rebuilding stocks after an unexpectedly sharp run-down in the three months to September.

Yesterday's figures, from the Department of Trade, showed that imports of goods in October rose 10 per cent compared with the September figure to £5.58bn. Exports were down at £3.17bn.

The deficit on visible trade was £220m, offset by an estimated surplus of £100m on invisible trade, such as banking and insurance. That left a current account deficit of £260m.

In the first 10 months of this year the current account balance has fluctuated substantially. The cumulative surplus so far is £400m, a figure which is comparable with the deficit and surplus, recorded in some individual months.

The fluctuations reflect quite large monthly changes in the figures for exports and for imports, some of which are hard to explain and appear erratic.

In October the volume of imports rose 11 per cent above the average level for the first nine months of the year, 7 per cent higher than the average for 1982.

Imports rose in all sectors except those for cars and fuels. In the three months to October the volume of imports of manufactured goods was 15 per cent above the average volume for 1982.

Exports, meanwhile, have been improving in recent months from a depressed performance in the spring and early summer. The volume of non-oil exports in the three months to October was 4 per cent higher than in the previous three months.

Pickets arrested in Shell dispute

BY BRIAN GROOM, LABOUR STAFF

HOPE OF a solution to the five-week pay dispute in Shell's oil refineries emerged last night, after a day in which feelings were embittered by the arrest of four men picketing the company's oil tanker depot at London Heathrow airport.

Talks will take place today at the biggest refinery, Stanlow in Cheshire, on a 18-month offer made on Wednesday.

Shell seemed hopeful last night of a return-to-work on Monday, but shop stewards were less so. Although the three-stage offer is worth 6.2 per cent over 18 months, on an annual basis it still appears to work out at 4.5 per cent.

Stanlow workers have been on strike for five weeks over a 4.5 per cent, one-year offer. They were joined three weeks ago by workers at Shellhaven, Essex, where further negotiations will also take place today.

Pickets have halted distribution from many Shell terminals around the country. But when picketing was extended to Heathrow yesterday police arrested four men under the airport by-laws which prevent picketing within the perimeter gates. Police were considering charges last night, and the arrests could escalate the dispute.

The union claimed that 20 flights were delayed by yesterday morning's picketing. The British Airports Authority said it knew of no delays, but British Airways said two flights to Tel Aviv and Jeddah were held up.

Shell ran into further problems yesterday when shop stewards representing its 1,750 tanker drivers and depot workers - who negotiate separately - declared a pay ballot void because of claims from some members that the company's offer was illegal.

The offer raises basic rates by 4.5 per cent and consolidates £2.50 a week of long-service and holiday bonus payments into basic pay. Some stewards have taken legal advice that the employment contracts of long-serving drivers would be breached if their service payments were withdrawn.

Shell disputes this, and offered a meeting of the two sides' lawyers. The transport union refused, and demanded a full negotiating meeting - which Shell turned down.

The company accused the union of prevarication. Union negotiators will now consider their next move in two or three days' time.

COURT TO HEAR EVIDENCE OF PICKET LINE VIOLENCE

Print peace efforts break down

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE PROSPECTS of a confrontation between the Government and the unions worsened yesterday as efforts by the Advisory, Conciliation and Arbitration Service (Acas) to bring together the two sides in the Stockport Messenger dispute failed.

Mr Eddie Shah, chairman of the Messenger series of weekly free newspapers, will today seek in the High Court the sequestration of assets of the National Graphical Association (NGA), the print union at the centre of the first major challenge to the Conservative Government's employment laws.

The court application will be as a result of the union's failure to pay a £50,000 fine levied for refusing to end mass picketing at the Messenger's printing plant at Warrington, in north-west England. The dispute involves the refusal of the company to reinstate six NGA workers.

Mr Shah said last night he would include evidence of violence on the picket lines in his affidavit to the High Court in Manchester. He said that burning wood had been thrown at an armoured van leaving the plant yesterday. The van hit Mr Billy Trainor, a picket, and broke his leg. About 200 pickets were outside the plant.

Mr Tom King, the Secretary of State for Employment, has condemned what he called "disgraceful behaviour" on the picket line. He told the House of Commons that such conduct had no place in industrial relations.

Until early next week, when the presses of the weekly newspapers roll again, there will only be a token picket outside the plant. The NGA said yesterday that, unless there was a breakthrough in the dispute, mass picketing would be resumed on Tuesday. Mr George Jerrom, NGA national officer, said pledges for pickets already far outnumbered those for this week.

The Manchester Evening News was stopped for a second day, after the NGA composers refused to give a written assurance of non-interference with editorial matter. On Wednesday, they had refused to handle a story dealing with court appearances by 22 men after incidents on the picket line.

Union representatives from national newspapers in London and Manchester were meeting in London last night to discuss broadening the action.

Mr Joe Wade, general secretary of the NGA last night warned that

national newspapers could be hit by a "spontaneous explosion" of strike action tonight if the High Court sequesters the union's assets.

He said that his members were extremely angry about police brutality on the picket lines and the use of a "paramilitary army" by Mr Shah.

The general print union Sogat '82 could today join the NGA in a showdown over the employment legislation. The 1980 and 1982 Employment Acts restrict lawful industrial action, make most secondary actions - such as picketing elsewhere from the workers' own workplace - unlawful, and lay unions funds more open to legal action.

The Sogat executive today will be discussing the refusal of the London Central branch of the union to distribute a number of magazines printed by the British Printing and Communication Corporation (BPCC).

The Federation of London Wholesalers obtained an injunction against the backing on Wednesday. Yesterday none of the magazines had been moved but the injunction does allow 48 hours for an amendment to be sought.

The blacking action - which initially hit the colour supplements of a number of Sunday papers last weekend - is being taken to support the London machine branch of BPCC over the closure of its Park Royal plant in West London.

Even if the Sogat executive today orders the London Central branch to work normally, there is no guarantee that it will.

Mr John Brockett, secretary of the Federation of London Wholesalers, said last night: "We are in an impossible position in the middle of a dispute that is nothing to do with us. We must just hope that anarchy does not prevail." BPCC magazines account for between 40 and 50 per cent of the federation's turnover.

The NGA and Sogat issues are shaping up to a rerun of the union battles in the courts in the 1970s against the Conservatives' Industrial Relations Act 1971. Now the main statute is the Employment Act 1980, and the mechanism the ordinary civil courts, rather than the special National Industrial Relations Court, but the response of the courts to defiance may be remarkably similar.

Trade union law, Page 18

BALANCE OF PAYMENTS, CURRENT ACCOUNT

£m seasonally adjusted

	Current Balance	Visible Balance	Invisible Balance
		Oil	Non-oil
1981	+8547	+3112	-104
1982	+6428	+4885	-2499
1983 Q1	+810	+1764	-1827
Q2	-328	+1490	-2159
Q3	+185	+1538	-1833
May	-406	+420	-329
Jun	+263	+585	-426
Jul	-158	+440	-738
Aug	+38	+589	-631
Sep	+395	+529	-384
Oct	-289	+538	-957

Threat of all-out pay strike at Ford

BY OUR LABOUR STAFF

UNION LEADERS of both manual and white-collar workers at Ford of Britain yesterday threatened an all-out strike over 7.5 per cent pay offer which would shut the company down completely after the Christmas and new year holidays.

Ford made no official response to the union threats, but managers are privately sceptical that either shop-floor workers or office staff want to strike over so high an offer.

The 56 union negotiators representing 44,500 hourly-paid workers decided in London yesterday to urge members to reject the pay offer and vote at mass meetings to strike from January 3.

At the same time negotiators from the three unions representing 10,000 white-collar staff announced that they too were recommending a strike. They have also been made a 7.5 per cent pay offer, but talks have broken down over Ford's refusal to improve pensions.

On the manual workers' side, it is a similar refusal by the company to respond to claims on issues such as extra holidays and better pensions which has proved the greatest barrier to a settlement.

Mass meetings in Ford's 24 plants will begin today with a vote by hourly-paid workers at the Bridgend, South Wales, engine plant in and will continue into next week.

Many workers would be reluctant to strike immediately after Christmas and new year had emptied their pockets, but the fact that the stoppage is some way off may encourage them to vote for it.

They would do so in the knowledge that this leaves plenty of time to seek further talks with the company to persuade it to improve its "final" offer.

If they voted for a strike and negotiations were not resumed, the plants would fall to reopen after the holiday shutdown from December 23 to January 3.

Mr Ron Todd, national organiser of the Transport and General Workers' Union and chairman of the Ford unions, said: "If our members want to see advances on shorter working time, pensions and consolidation of supplements they have to fight for it."

Other manual workers' meetings scheduled so far include Swansea and the Halewood transmission plant tomorrow, the Halewood body and assembly plants on Sunday, and the Langley lorry plant next Wednesday.

Staff meetings will begin on Monday, and the results will be reported back at a union negotiators' meeting at Transport House in London on December 5.

An all-out strike by white-collar staff would be unprecedented. Managers believe it highly unlikely, although strikes by specific groups in departments such as computer operations could be damaging.

The pay offer to both manual workers and staff raises basic wages and salaries by 7.65 per cent but a smaller increase in attendance supplements reduces its value to 7.5 per cent.

Syndicate members to meet £13m losses

BY JOHN MOORE, CITY CORRESPONDENT

LLOYD'S UNDERWRITING agents who have introduced more than 200 members of Lloyd's to an insurance syndicate which now faces £13m of losses, have been told that the members of the syndicate should start making arrangements to pay at least £20,000 each to meet the losses.

Members of the syndicate - including sports personalities Mark Cox and Virginia Wade were warned in mid-October that the syndicate faced large losses.

The syndicate managers, Spicer and White (Underwriting Agencies), whose ultimate majority owner is Willis Faber, the large broking group, told the members in October that "exceptionally poor" quality business had been accepted by an underwriter, who no longer accepts business on behalf of the syndicate. That underwriter had also accepted more business than he was allowed to under Lloyd's limits.

Those members who were on the

syndicate over three underwriting accounts for the years 1980-82 will have to pay £20,000 for each £20,000 of business accepted on their behalf.

Because of the losses three members of the syndicate who belong to the newly-formed Association of Lloyd's Members, established to protect the interests of Lloyd's members, will meet next month to discuss the situation and decide whether further action is necessary.

The Department of Trade and Industry, the ultimate regulatory authority of the British insurance community, is studying a 231-page report prepared by an internal committee of inquiry in the Lloyd's insurance market.

The committee investigated the relationship of eight Lloyd's insurance syndicates under the management of Mr T. Raymond Brooks and Mr Thomas Dooley with the Fidelity Marine Insurance Company of Bermuda.

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UK NEWS

Big rises likely in taxes on properties

By Robin Pauley

MANY AREAS in Britain face rises in rates (locally levied taxes on business and domestic properties) of 25 per cent or more from next April. This is if the local authorities which collect the rates maintain their budgets for 1984-85 at the present level in real terms.

Only by making substantial cuts in spending, or by using money held in balances and increasing charges, is there any prospect of significantly lower increases.

Even then, a much more severe government penalty scheme for overspending, coupled with a cut in the overall proportion of council spending to be funded by Government grant, makes rate rises below the level of inflation very unlikely in most urban areas next year.

An analysis of spending and grant shows that all the metropolitan counties outside London would need rises of between 19 and 29 per cent if this year's spending levels were maintained. In the metropolitan districts, the range would be between 12 and 35 per cent.

London is an exception. A number of local authorities, including the City of London, the Greater London Council Inner London Education Authority, Camden and Westminster, receive no grant either because they are too rich in rateable resources or because they spend so far over the Government's targets.

They are therefore spared penalties and the vagaries of the grant allocation system which causes wide annual fluctuations in rate bills.

Without cuts and using balances, only two English councils - Crawley, Sussex, and South Ribbles, Lancashire, - would be able to cut their rates.

After-tax pay soars for highest salary earners

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

REAL TAKE-HOME pay has risen substantially faster in the last five years for those on higher incomes, compared with those on average or below-average earnings, according to Treasury calculations.

For a married man with two children at present earning £44,500 a year - five times the national average - real after-tax earnings are 34 per cent higher than five years ago.

This increase is almost 10 times that received by a married man with two children with average earnings (about £8,900 a year). His real after-tax rise during the period was 5.7 per cent.

However, the big increase in af-

ter tax income for the most highly paid was mainly the result of the 1979 Budget, when higher-rate income taxes were abolished.

Since then the rises, after taking account of inflation and tax changes, have been much more modest, although the real disposable income of the well-off has tended to increase faster than that of poorer people.

The figures, given in a parliamentary written answer from Mr John Moore, the Financial Secretary, show that the real after-tax rise for a man earning £44,500 between 1979-80 and 1983-84 was 2 per cent, compared with a rise of 1½ per

cent for a man with two children on average earnings.

The equivalent man on 10-times average earnings gained 3.4 per cent in real terms during the period.

The figures also show that the proportion of income taken in taxation has risen significantly for those with average or below average earnings.

For a married man with two children on average earnings, income tax and national insurance contributions, less child benefit, now account for 22.5 per cent of gross earnings. This compares with 21.2 per cent in 1978-79.

NCB to develop Belvoir mine

BY RICHARD JOHNS

THE NATIONAL Coal Board (NCB) yesterday gave a firm go-ahead for the development of the Astorby mine in the Vale of Belvoir, Leicestershire, nearly a year after final environmental approval was given. The project is estimated to cost £400m at present prices.

The announcement of the project by Mr Ian MacGregor, NCB chairman, was clearly aimed at weakening the opposition by the National Union of Mineworkers to the programme of accelerated pit closures and to the board's final 5.2 per cent pay offer. The union leadership has rejected the offer.

The project still awaits what should prove to be the formality of the Government's final approval.

Astorbby, one of three potential economic mines in the Vale of Belvoir, should produce 2.2m tonnes of coal annually and would provide

1,200 jobs when it is in full production in about eight years' time.

It is the biggest investment undertaken by the NCB since the decision was taken to develop the Selby mine in Yorkshire in 1976, which started to produce coal earlier this year.

The NCB has also decided to build a £10m smokeless fuel plant at Aberaman in South Wales to produce boiler and room-heater briquettes according to the West German Ancit process.

Mr MacGregor made the announcement about the two developments after a visit to the Bagworth Colliery in the South Midlands. In line with his tactics of speaking directly to the miners, he said: "These and other projects already approved or in the pipeline are continuing proof of the board's inten-

tion to carry on investment in worthwhile projects in the coal industry."

"It is nonsense to say we are running down the industry," Mr MacGregor continued. "We are building a new industry from the old, and kitting up with the high technology equipment needed."

The Ancit plant, based on a system evolved a dozen years ago by MBV, will be built alongside the ageing Furnace facility of National Smokeless Fuels at Aberaman in South Wales. It will produce 90,000 tonnes a year for the "closed appliance" market.

It is planned that Furnace output there will be gradually phased out and replaced by Ancit, which is much cleaner and will help to reduce atmospheric pollution in the area.

Economist to start printing in Singapore

By Alan Pike, Industrial Correspondent

THE ECONOMIST magazine will tomorrow add a second stage to its programme of worldwide expansion with the opening of a printing and distribution operation in Singapore.

Since 1981, the Economist has printed in the U.S. as well as the U.K. Under the new development, 28,000 copies for the Asia-Pacific market - including Hong Kong, Japan, India and Australasia - will be produced each week on the presses of Times Printers in Jerng.

Pages for the U.S.-printed copies of the Economist are transmitted from London by satellite. While this development is expected to be introduced eventually on the Asian operation, the Singapore printer will initially be supplied with film flown from London by Singapore Airlines.

About 96 editorial and advertising pages a week will be despatched to Singapore. Special clearance arrangements should allow the film to reach Times Printers within two hours of arrival in Singapore.

The Economist expects copies to be available in the Asia-Pacific region up to 48 hours earlier than has been possible by supplying by air from the U.K.

The UK, U.S. and Asian-produced copies have the same editorial content, although the order of sections alters.

Directors of the Economist regard their U.S. printing operations as evidence that regional production centres on a global scale can offer major chances for expansion.

Scott Lithgow yard in move to avert cancellation of rig

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SCOTT LITHGOW, British Shipbuilders' yard on Clydeside in Scotland, which faces default and closure over delays in building a £86m drilling rig for Britoil, told its clients yesterday it was still possible to complete by January 1985.

The client consortium of Britoil and Ben Odeco, an American drilling operating company, indicated it was unlikely to accept the Scott Lithgow claim, a decision which could lead to cancellation of the contract.

A more realistic completion date for the big offshore rig, which is under assembly at the Fort Glasgow yard, is March 1986. Scott Lithgow hopes that date can be accepted after a series of claims against the clients over design difficulties.

The fate of the yard, with its 5,000 workforce, has developed into a war of nerves between the recently privatised Britoil and the state-owned British Shipbuilders. Britoil wants Mr Graham Day, chairman of British Shipbuilders, to renegotiate the deal, a move which would be likely to lead to substantial savings on the cost of the rig. It is an option which Mr Day has so far rejected.

Mr Day has apparently played for time, hoping for a productivity agreement which would allow flexible working among British Shipbuilders nationwide, including Scott Lithgow. This, along with recent managerial improvements at Scott Lithgow, would improve its credibility as an offshore yard.

Scott Lithgow last year lost £86m out of British Shipbuilders' total losses of £117.4m.

The latest and most severe crisis facing the yard arose when Lloyds

Leasing - the Lloyds bank subsidiary which is financing the deal - served notice at the start of this month, under contract terms, to demand that the yard show within 30 days that it could complete the rig within a 300-day period.

Scott Lithgow yesterday complied, supplying extensive documentation to Ben Odeco's offices in Edinburgh. Mr Peter Milne, Scott Lithgow's managing director, would give no further details of his reply to Britoil.

The gist of the Scott Lithgow position is understood to be that, given extensive additions in terms of equipment and manpower, then the job could be completed by January 1985.

Its series of claims against the client consortium would, if accepted, roll back the deadline or "drop dead" date, as it is known, and also push back the start of penalty payments against the yard.

Already, 28 days have been added to the delivery date, which was originally set for April of next year. A 300-day period is automatically added to this delivery date before the final "drop dead" date, which is February 1985. With penalty payments of £17,000 a day, Scott Lithgow would stand to lose over £5m.

The Scottish yard is also behind schedule with a semi-submersible rig for BP, due for delivery last February and now facing a final deadline of December 25.

British Shipbuilders' managers have expressed fears that BP will want to negotiate at the last minute to effect substantial savings, similar to those achieved over the late delivery of a tanker from Scott Lithgow in the past year.

BCal to freeze domestic fares

By Michael Donne, Aerospace Correspondent

BRITISH CALEDONIAN Airways (BCA), yesterday made a swift response to British Airways' freeze on domestic fares by announcing a standstill on increases in its own fares between Gatwick (near London) and Glasgow, Edinburgh, Manchester and Jersey.

BCA rates will stay at present levels for "an indefinite period," which is likely to mean the whole of 1984.

The airline had planned to seek fare increases of up to 5 per cent. This would have raised the single rate between Gatwick and Scotland from £39 to £41.50. The BA single rate from Heathrow to Scotland is staying at £38.

BCA had thought that BA also intended to seek fare rises, and was taken by surprise when it announced the fares freeze.

As a result, BCal yesterday morning notified the Civil Aviation Authority (CAA) of its change of mind. A BCal spokesman said the airline's domestic traffic was showing healthy growth. Next year it expects to carry more than 500,000 passengers.

Under the CAA's new policy of having only one major internal fares change each year, the airlines have been asked to state their intentions now, for the fares year starting next April 1.

By announcing a freeze, both BA and BCal will effectively be obliged to maintain their rates at current levels through to the end of 1984 at least when they will be asked by the CAA to file their plans for the fares year starting on April 1, 1985.

Only if an emergency occurs, such as severe economic difficulties for the airlines, will they be able to ask for fares rises before that time.

ASSURANCES SOUGHT OVER SALE OF FOREST LANDS

Cuts into assets of the future

BY ANDREW FISHER

STRONG EMOTIONS are being stirred over the future of Britain's forests. Many critics of the Government's policy feel that too much land is being sold off to the private sector too quickly.

The state-owned Forestry Commission, set up just after the first world war, is doing only what it has been told by the Government - to raise £82m from asset sales by early 1986.

But trade union representatives who yesterday met MPs for forestry areas fear that severe social and economic consequences could result.

The unions would like to see:

- A Government guarantee of no more sales once the £82m has been raised.
- An extended period of sale in which to achieve the financial target.
- Information on who is buying forestry and the prices paid.

The Government has declined to give any assurances at all on future sales, despite regular questioning from MPs and has progressively increased the sums which it wants the Forestry Commission to raise.

When the Forestry Act came into force in 1981, the Government set a target of about £40m to be raised over three years. This became £55m over four years, and then more than £80m.

The commission, based in Edinburgh, is greatly proceeding with the sales, but it says it would not like to have to go beyond the present programme. It is concerned that its own programme of planting and harvesting could be jeopardised.

What difference does it make who owns the forests? A great deal, say the unions. Not so much, feels the government, which wants to reduce the commission's call on its funds.

In the 1981-83 financial year, the commission received £37m of gov-

ernment money. £48m related to its business and the rest to administration and research and development.

The sales will represent about 8 per cent of the commission's assets of £1.1bn. These include more than 1.2m hectares, of which some 900,000 hectares is productive forest (roughly half the total in Britain).

Concern for jobs and the rural way of life is not to be underestimated, as the sales. But there are other major objections such as the problem of future public access to woodlands, the possibility that new owners will fell trees too early and the existence of large tax benefits for private investors in forests.

The commission points out that the sales are taking place under government guidelines covering questions of access, conservation, jobs (it employs just over 7,000), and long-term supplies to user industries such as paper and sawmills.

Metal trader loses appeal

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

METAL TRADERS (UK), a subsidiary of Metal Traders of New York, had no right to intervene in a legal action brought by Sanders Lead Co, of Alabama, against Entores Metal Brokers, the Court of Appeal in London ruled yesterday.

Metal's only connection with the action was the fact that it claimed to be a creditor of Sanders Lead International, a subsidiary of Sanders Lead Co. It had obtained a Mareva injunction freezing SLI's English assets, part of which, Metal contended, were the subject matter of the action by SLI against Entores, said Lord Justice Kerr.

But that "mere commercial interest" in the outcome of the action was not a reason for allowing Metal to intervene in it, the judge held, allowing SLI's appeal against a Commercial Court order joining Metal as a defendant in SLI's action.

He said that the appeal was of general importance to the question whether an alleged creditor who had obtained a Mareva injunction should be allowed to intervene in an action with the subject matter of which it was in no way concerned.

He said that Metal claimed \$1.4m damages from SLI for alleged breach of contracts for the sale of lead. SLI denied liability and also denied that the contracts were subject to London Metal Exchange arbitration.

Metal therefore looked for SLI assets in London and discovered that Entores was about to pay SLI \$223,197 under another lead sale contract.

Metal obtained a Mareva injunction freezing all SLI's English assets. The injunction included the \$223,197, which Entores agreed to pay into a special account.

SLI thereupon sued Entores for that sum, on the ground that it and

not SLI had sold the lead to Entores.

The judge decided that the Commercial Court had no jurisdiction to join Metal in the action. There was no issue between Metal and either SLI or Entores that arose from, related to or was connected with the action, he said.

It was true that Metal would suffer immediate and direct financial loss if SLI won the action, but only because Metal was an alleged creditor of SLI, whose assets, if SLI won, would not include the \$223,197. But, the judge said, Metal had no legal interest in the sum, which was simply money earmarked by Entores for paying what it believed to be its debt to SLI.

Even if Metal did have such an interest, the position would be the same, because the subject matter of SLI's action was an alleged debt owed to it by Entores.

Britons turn first towards Europe

BY ANDREW TAYLOR

THE BRITISH place more store by their political and economic relationships with continental Europe than they do with the U.S. or Commonwealth countries - but they find Australians much more trustworthy than the French.

These conclusions are drawn from an opinion poll conducted by Gallup this month and published in New Society magazine.

The poll indicates that 60 per cent of Britons believe people in Hong Kong should be allowed to decide their own future. According to Mr Richard Bourne, deputy director of the Commonwealth Institute, this popular opinion could embarrass the Government "when the time comes to sell to the British public any agreement with China on the future of the colony."

The survey shows that the relative importance attached by many Britons to the country's special rela-

tionship with the Commonwealth, and also with the U.S. has dwindled since a Gallup survey conducted in March 1969 - four years before Britain joined the European Community.

Only 26 per cent of those questioned placed Britain's relationship with the U.S. ahead of the country's ties with the EEC in the latest poll, which was conducted just after the U.S. invasion of Grenada.

Forty per cent said that Britain's links with Europe were more important than the relationship with the U.S. or with Commonwealth countries.

The survey in 1969 showed 34 per cent of the population supporting Britain's ties with the Commonwealth (a similar proportion supporting the U.S.) in preference to its links with Europe, which drew support from only 21 per cent.

Many Britons retain a warm affection for the Commonwealth even if it is no longer regarded as being of prime strategic importance. Some of Britain's European competitors do not appear to be so warmly regarded in a survey of how trustworthy different nations appear.

According to the latest Gallup poll, 78 per cent of those questioned regarded Australians as very or fairly trustworthy. An earlier poll conducted by Gallup in October 1980 showed that only 62 per cent of respondents regarded the French in the same category of being trustworthy.

Mr Bourne said: "Not only does Australia come top altogether, but Indians and Jamaicans - well known to the British public from their descendants living here - comfortably outdistance Japanese, French and southern Europeans."

Who's behind the new power generation in Sudan?



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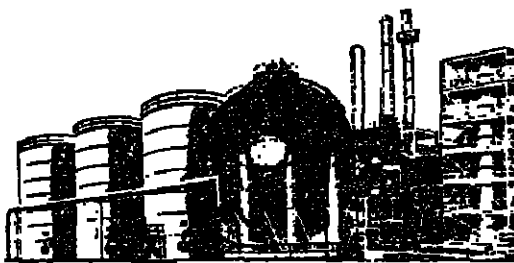
When commissioning is complete, the 40MW generating station at Burri will augment the power supplies for 2 million people in Khartoum and its surrounding areas. The £25 million turnkey contract for design, supply and construction is one of many environmental projects being carried out by Capper Neill in the Middle East and Africa. Refinanced, restructured and strengthened by their recent association with CCC, a leading Middle East civil construction group, the new Capper Neill is soundly based for the future.



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BUSINESS LAW

Undigested language of the statute book

THERE IS a problem which all lawyers, and I believe, all businessmen or people affected by legislation are faced with and that is the flow of pages and their unintelligibility. The impression one has is that a great deal of the detailed material in Acts of Parliament is not properly considered, and comes through in an undigested form. I think you make this point yourself, Lord Hailsham, in your lectures: Unconsidered legislation.

Then Sir Patrick Neill QC, Warden of All Souls, Oxford, who chaired a discussion broadcast on Radio 3 last week, turned to Lord Hailsham, who said: "Yes, I think I do."

The panel, also comprising Lord McCloskey, who was a Labour Solicitor-General for Scotland and Sir Idwal Pugh, the Ombudsman from 1976 to 1978, was discussing the Hamlyn lectures delivered by the Lord Chancellor last May.

Miss Emma Warburton Hamlyn was an autocratic and "very intellectual" Edwardian lady, wearing long dark dresses and large dark hats with semi-herbaceous borders. Widely travelled, she came to the conclusion that the English legal system was best. When she died in 1941, she left the residue of her estate "for the furtherance, by lectures or otherwise among the common people of the UK, of the comparative jurisprudence with the intent that they should realise the privileges which in law and customs they enjoy in comparison with other European peoples." But Lord Hailsham, the 35th Hamlyn lecturer, did not limit himself to a panegyric.

As might be expected, Lord Hailsham presented contemporary problems of English law in the widest historical and social perspective. Miss Hamlyn would have been pleased, for she was interested not only in jurisprudence but also in "ethnology." It is interesting to compare Lord Hailsham's critical lectures with those given by the first Hamlyn lecturer, Mr Justice Denning, who found it easy in 1940 to deliver the undiluted praise which Miss Hamlyn would have hoped for, when he chose as his subject, "Freedom under the Law."

One of the most topical themes which emerged in Lord Hailsham's penultimate lecture, was the way that law has moved from protecting status to protecting contract. In the Middle Ages, law buttressed the status of the feudal lords of towns, guilds, of the head of the family against the peasants, wives and children, and against all common people who did not belong. Since then the law has shifted, so that it seemed that contract was supreme—already Rousseau had to invent the "social contract" to justify his concept of civilised society.

In the past 40 years, however, Lord Hailsham observed that the tide had ebbed and law had moved back towards protecting status, albeit with different social effects: it gradually regulated more and more the terms of contractual bargains between landlord and tenant, between employer and employee, between marriage partners, between the businessman and the consumer, always to protect the weaker party.

Unfortunately, this had

Lord Hailsham, the Lord Chancellor, was remarkably critical of the language of statute law during a lecture this year on the British legal system. A. H. HERMANN, Legal Correspondent, reports.

resulted in a surfeit of Acts of Parliament. It was "a sort of mechanism with ministers to get their legislation through." The second problem was that "our Acts of Parliament, achieving the same thing as, say, a French, a German or a Swedish Act of Parliament, are about five times to twice as long." And this enormous quantity of words was very difficult to understand. "... the total result is that the British statute book is worse than the comparable statute books of other countries."

What render parliamentary draftsman unintelligible? The reason, in Lord Hailsham's opinion, is the method of interpretation adopted by the courts. Those favouring literal interpretation have won the day in the battle with those who think judges should be guided not by grammar but by the intent of Parliament. Lord Hailsham regrets the narrow view which bars the court from looking beyond the text of the statute to its origin and purpose. Although he does not think that the study of Hansard would be useful, blue books and the Law Commission's reports might be.

"Too many Bills, too long and unintelligible, and I don't know what you do about it," but Lord Hailsham knows that "it's the House of Commons which needs to consider its own ways."

While waiting for the Commons to mend its ways, Lord Hailsham will turn his attention

to the judges. According to the recently published Government Response to the Report of the Royal Commission on Legal Services, the Lord Chancellor is to order a review of civil procedure and management of civil litigation which could lead to the restructuring of courts. The review should start in about six months' time but is unlikely to be completed within the life-time of the present Parliament, judging by the indifference which has killed so many law reform proposals, the policy of "no change" seems to be truly bipartisan and the fate of this review, one is afraid, will be the same whether the present government gets a third term or not.

The Government's response is certainly in full sympathy with the "no change" recommendations of the Royal Commission and the two branches of the legal profession seem to be well entrenched. They have survived the law's movement from status to contract and from contract to statutory protection of the weaker party to a bargain. Together with the TUC, the Stock Exchange and the numerous monopolies and oligopolies which thrive in the absence of a competition policy, they are still in a position to resist progress towards greater efficiency.

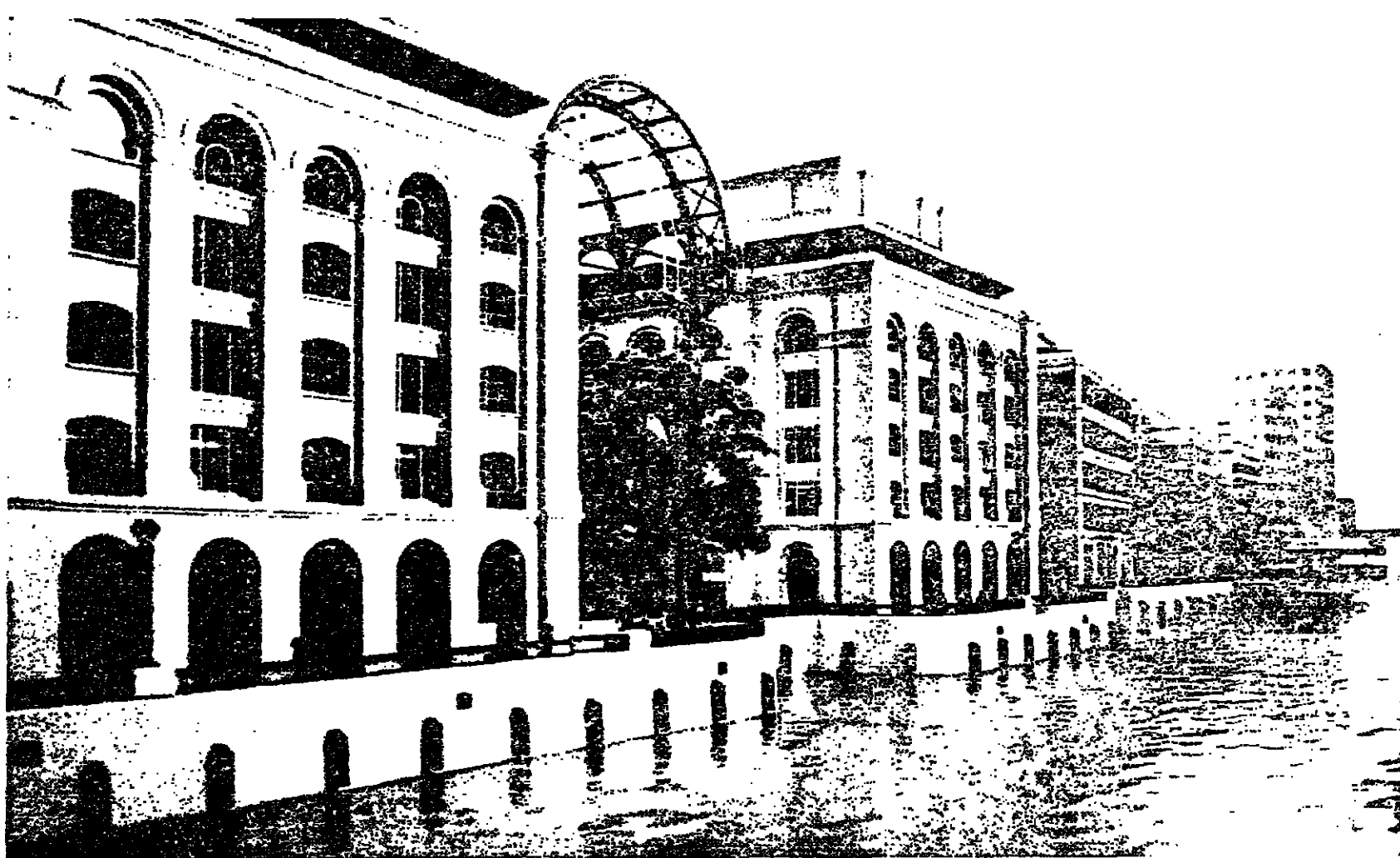
However, things are not entirely black. A number of improvements in the judicial system have already been adopted, particularly in the Chancery Division and in the Court of Appeal. The move towards shorter oral hearings by the introduction of skeleton written pleadings is likely to be followed by greater judicial control over proceedings, usual both on the continent of Europe and in the U.S. Criticising a case of particularly bad delay, Sir John Donaldson, MR, said recently that the computer and word processor "now made it technically possible for all courts to take an initiative in appropriate circumstances... and the general desire to improve the service... may lead to a reconsideration of the present policy of inertia on the part of the courts."

Nor does the Court of Appeal content itself with exhortations. In a judgment last week, a solicitor was ordered personally to bear the costs of his client because he had blindly followed counsel's advice and continued litigation, funded by legal aid, although it was evident that the client had no chance of success. The judge issued a warning but could not stop the trial. The threat of having to pay costs is likely to be more effective.

* Hamlyn Reviews—The British Legal System Today 1983, Stevens £4.55, 1 Cmsd 5077, HMSO £3.75, pp 34.
1 Dwyer v Rodwell and Others, TLR November 22 1983.
5 Davy-Chesman v Davy-Chesman, TLR November 21 1983.



LORD HAILSHAM
No panegyric



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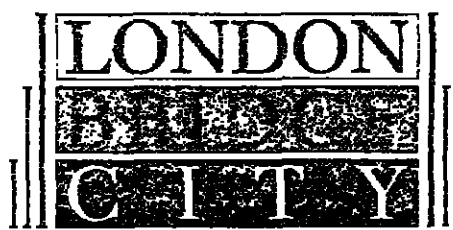
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aircraft from Heathrow four times a week as part of their daily service to Singapore and Australia. Appropriately, the 747-300, with its stretched upper deck, has been dubbed BIG TOP by SIA. It is an outstanding example of aviation technology.

It has a gross take-off weight of 377,846 kgs. (It's the equivalent of over 45 double decker buses taking off at once.) And it is powered by four Pratt & Whitney engines, each developing 54,750 lbs of thrust. Yet, despite this increased size and power, this

plane is actually quieter than its predecessors. However, what is most impressive about BIG TOP isn't the exterior, but the interior. SIA has had it laid out to its own specifications. The upstairs deck is twice the size of a normal 747's and has



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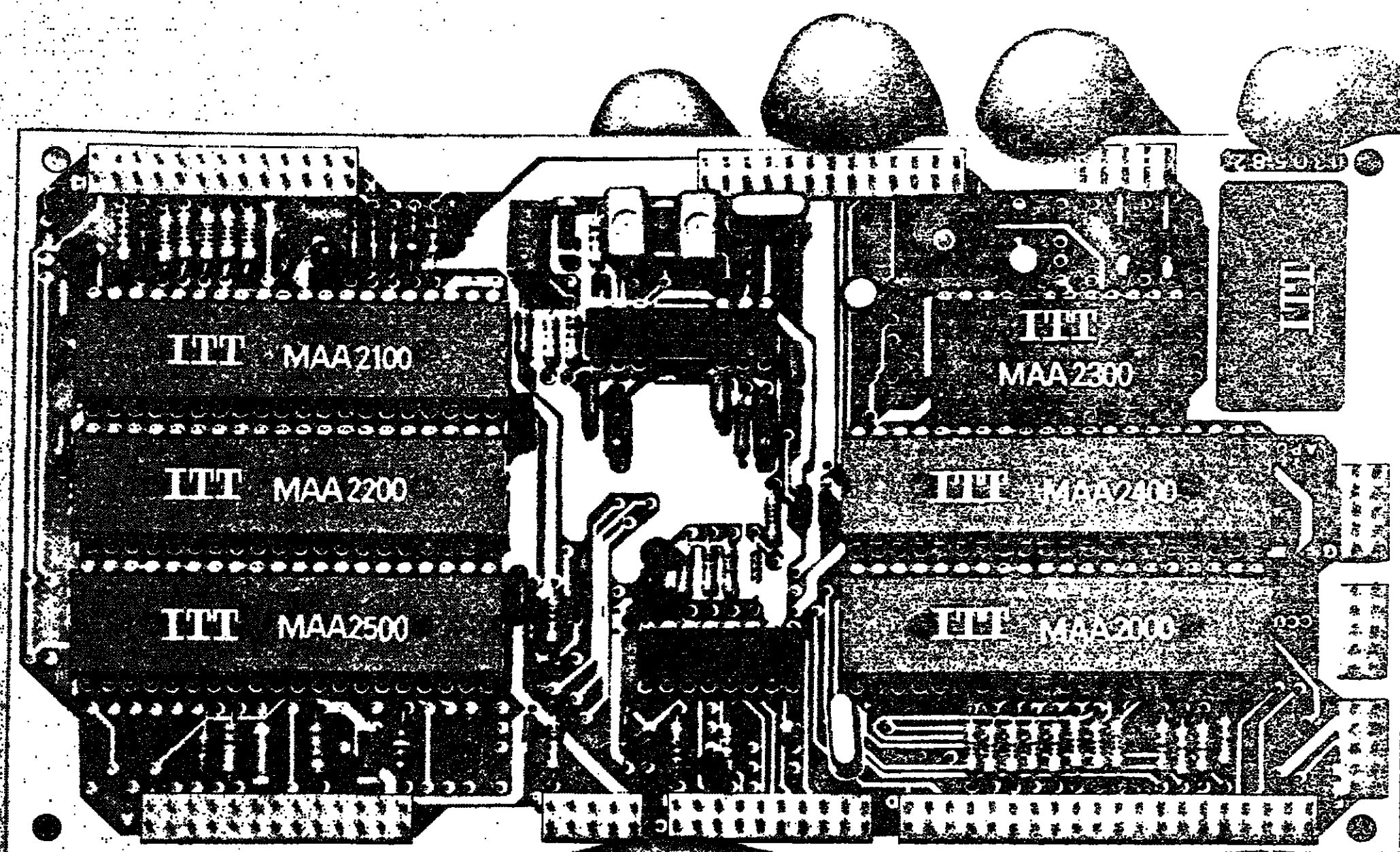
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THE PROPERTY MARKET

BY MICHAEL CASSELL

'Sky Shops' for Herald Square

A \$50M PROJECT to develop a series of shopping streets in the sky is fast taking shape on a corner of Herald Square in the heart of Manhattan.

In a city where people seem to spend as much time going up and down as they do moving backwards and forwards, the New York Land Company is pressing ahead with a plan which even New Yorkers are calling revolutionary.

Whatever inhibitions exist concerning multi-level retailing have been completely ignored in a development which aims to provide a seven-acre retail centre, containing 200 separate shops and restaurants, on no fewer than eleven floors.

The Herald Centre, now arising on the site of the old Corvett's department store, is wedged between Macy's and Gimbels on one of the city's busiest corners and stands at the core of an area which attracts retail sales of over \$34bn annually.

Within the Centre, each floor will have a different address, Wall Street and Broadway—and a different theme. Shop units will range from around 300 sq ft to 2,300 sq ft, base rents for an average trading unit will be in the region of \$100 a sq ft and top rents reach well over \$200 a sq ft.

Tenants will face an automatic 25 per cent uplift in rents after five years and a turnover-related formula if they do well. In addition, first-year service charges will be \$30 a sq ft and there is a \$10 a sq ft "promotional charge" to cover costs of a shared mail order catalogue, credit card facility and other

joint promotional ventures. A one-off \$4 a sq ft "opening charge"—to meet the bill for the launch party—completes the list.

So will retailers fall for the expensive formula and grab all the floorspace—nearly 120,000 sq ft—before the Centre opens next autumn? New York Land is very confident and has given Stanley Marcus, the U.S. retailing guru, the task of sorting out applicants and getting in the right tenants.

On this side of the Atlantic, David Cohen, who works as a one-man agency out of New Bond Street, has been enlisted

to find the type of European tenants who will give the Centre a touch of Continental class.

He is looking for people like near-neighbours Asprey and was fed up to find they had already taken space in Trump Tower, the \$150m landmark on Fifth Avenue which has some shopping on six floors and claims to be "the world's most talked about building."

"The problem for tenants is getting a 'street feel' for a shop which might be hundreds of feet above the pavement. But it's going to work and we expect 21m visitors in the first year," Macy's (75m a year) watch out.

Land Securities' sale

LAND SECURITIES has sold the freehold of 77-95 Victoria Street, SW1 to the Liverpool Victoria Friendly Society.

The property is opposite Windsor House and close to the Army and Navy Stores and comprises 51,000 sq ft of offices, together with a bank and five shop units. The building is let on a 25-year lease from March 1978 to the City of Westminster which has underlet the shops and part of the office space.

The price agreed shows the new owner an initial net yield of over 6 per cent and there is a rent review in 1984. Hillier Parker May & Rowden acted for Land Securities and King & Co represented the purchaser.

Greater Manchester Council Superannuation Fund has paid \$4.2m for the freehold

of Thorncroft Manor, Leatherhead, the 35,000 sq ft headquarters of Howard Humphreys, consulting engineers. The property has been leased back to Mitchell Cotts—owners of Howard Humphreys—at a rent of £225,000 a year. Wright Olliphant represented the Fund, Campbell Gordon acted for the vendor, Howard Humphreys' pension fund, and Jones Lang Wootton arranged for the leasing back to Mitchell Cotts.

County and District Properties—part of Costain—has sold the freehold of its recent development at 12-18 Artillery Lane E1, to Boustead Commodities Brokers for \$947,500. The 7,500 sq ft office building will be occupied by the brokers. Hillier Parker acted for the developers.

Still waiting for upturn in rentals

DESPITE all the encouraging talk of an upturn in letting activity and a revival in rental growth and values, a set of figures released this week puts the seasonal spirit into a suitably chill perspective.

At the risk of wrecking Christmas festivities even before they begin, Hillier Parker May & Rowden have produced a rent index which gives little cause for celebration so far.

The index confirms that commercial rental values have, over the last six months, barely moved at all. In real terms, moreover, they have continued to fall.

There is worse. Not only have rents continued to decline but in the most recent period under review they have courtesy of an upturn in inflation—fallen further than in the previous six months.

According to Hillier Parker, whose optimistic October forecasts for shop rents already look questionable on the basis of its own latest evidence, rental values rose by 3.3 per cent between May and November this year. In the previous six months, they increased by 3.5 per cent.

It is worth remembering that, at one stage in 1979, the all-let index showed a six-month rise of over 23 per cent (8.6 per cent in real terms).

But between May and November this year, inflation-adjusted

rents fell by 1.5 per cent, slightly more than during the previous half-yearly period. With the exception of one period in 1980, the index has fallen consistently since May 1979.

As for those forecasts on shop rents, which have for some time represented the brightest patch in property, Hillier Parker last month reckoned that they would rise at twice the rate of inflation over the next two years. First signs of a recovery, it said, would be evident in the latest rent index.

No such sign, however, has emerged, with the shop rent index remaining at the level which has been unchanged for a year. While retail rents in central London are apparently moving strongly ahead, no rental uplift is yet in evidence elsewhere. The same can generally be said for offices and for industrial space.

So despite all the talk of what lies ahead, the stark reality is that Hillier Parker's rent index currently stands at 100, putting it back to the level last seen in May 1977. The agents do emphasise that, although rents remain depressed, very few are actually dropping and the percentage which is falling is lower than it has been for over 18 months.

Hardly the stuff of widespread revival. Perhaps Christmas 1984 will offer something more cheerful.

HMV signs for Trocadero

HMV has become the first major retailer to sign a lease on space in the \$45m Trocadero Centre, the shopping, eating and entertainment complex being funded by Electricity Supply Nominees.

The Centre, on the northern edge of Piccadilly Circus, was due to have been open for trading by now but the programme appears to have slipped quite badly and hopes now rest on an opening sometime in April next year.

The HMV deal will come as good news for ESN and it is understood that the record retailer will be taking two units

accounting for about 4,000 sq ft of the 35,000 sq ft of selling space available. No rent details have yet emerged. A couple of other units are understood to be under offer.

Details also emerged this week of the letting to Kennedy Brookes of the centre's four principal catering areas. The company is taking about 51,000 sq ft of floorspace on the lower ground, ground and first floors. Rent payable will be \$430,000 a year and it will also have to pay service charges currently estimated at \$360,000 a year, a level which reinforces recently expressed concern about the

high level of additional charges tenants can expect to face.

Kennedy Brookes says the cost of establishing the catering areas is about £3.5m and that ESN has agreed to meet up to £1.5m of this cost by means of non-refundable contributions. The balance will be met by a leasing arrangement for furniture and equipment costing about £800,000 and the issue at par of 1.45m ordinary shares in Lennoxcourt, the Kennedy Brookes subsidiary which will operate facilities at the centre. Other investors are also expected to subscribe for up to 49 per cent in Lennoxcourt.

City fringes get lettings boost

TWO MAJOR office lettings revealed this week have given a badly needed boost to the market around the fringes of the City of London.

Central and City Properties, the Western Heritable-backed operation run by David King, has finally let Bishop's Court, the 55,000 sq ft office scheme in Spitalfields. The tenants are Anthony Gibbs Sage and it is understood that the rent achieved is in the region of £12 a sq ft.

At the same time, Mellon Bank has agreed to take a 25-year lease on 6 Devonshire Square, the 75,000 sq ft building which forms part of the Greycoat - Standard Life scheme at Cutlers Gardens EC2. No rental details have been given, though asking rents are around £17.50 for space at Cutlers Gardens have

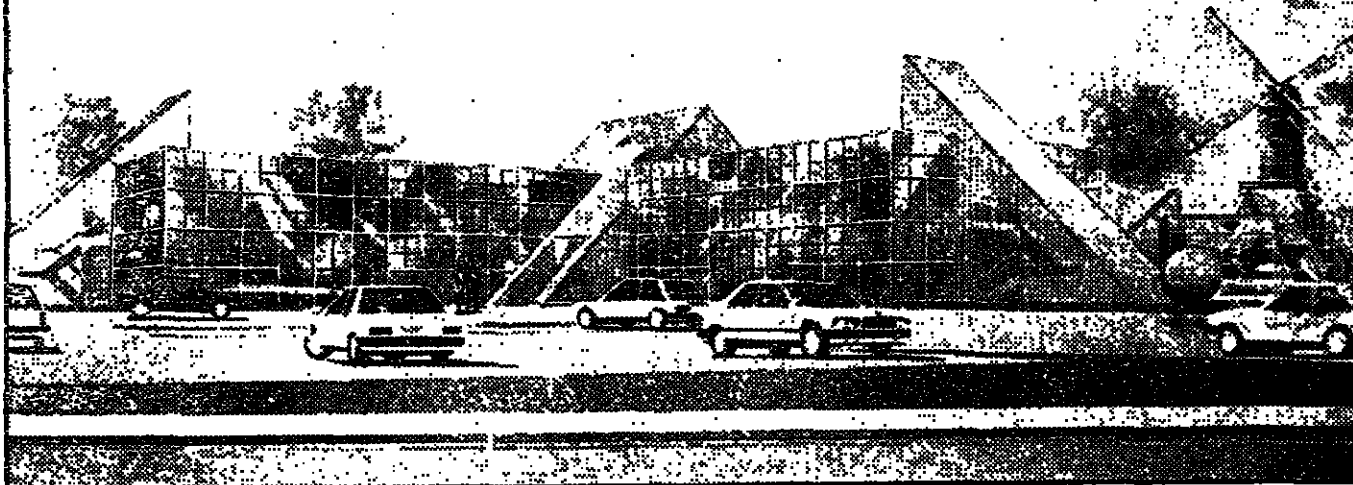
not been achieved in the deals announced so far.

Stey Hayward, the chartered accountants, are taking a lease on 8 Baker Street W1, the 79,000 sq ft former home of the Davy Corporation. Rental is thought to be around £15 a sq ft. Richard Ellis and Smith Melnick acted for the tenant, Hooley and Baker for CIP, the landlord, and Goodman Mann for Davy. Ellis has also assigned the lease of 7-17 Baker Street, the old headquarters of British Aluminium, to Matthew Hall for use as its headquarters. A sub-letting of about 5,000 sq ft of the 30,570 sq ft building has been arranged with the United Bank of Kuwait at £16 a sq ft.

Shell Pensions Trust has agreed to fund the first \$40m phase of the Milton Keynes Central Business Exchange. The first phase will comprise two six-storey office buildings offering 265,000 sq ft of office space. Hillier Parker May & Rowden, who represented Shell, and Jones Lang Wootton are joint letting agents for the scheme.

John McLean and Associates, part of Thomas and Scotland, a Amicable Life Assurance have started work on their 42,000 sq ft office building on British Rail Property Board land adjoining Charing Cross railway station. There will also be 6,000 sq ft of retail space on two floors. Parnis Bird and Walker Son and Packman are letting agents.

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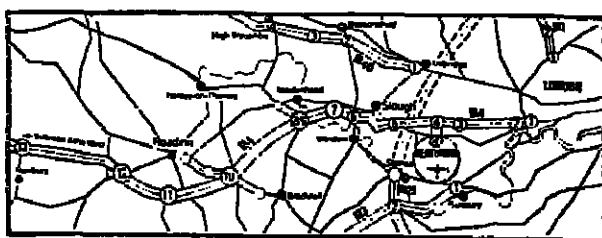
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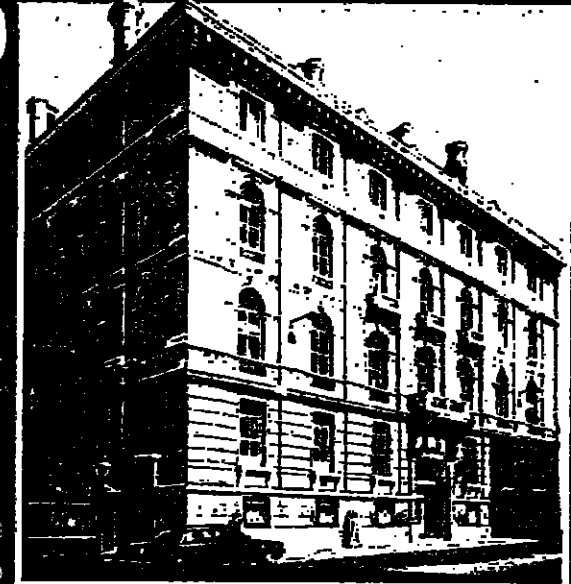
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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
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Friday November 25 1983

High stakes for the TUC

THE STAKES in the Stockport Messenger dispute are potentially very high, most of all for the TUC.

It is faced with a dispute which, though it may yet be defused, contains all the ingredients of a set-piece pitched battle between government and unions over a framework of labour legislation which has still suffered no heavy assault. The National Graphical Association has made it clear that it will continue its defiance of the law, appealing under the decisions adopted at the TUC's Wembley Conference of April 1982 for support. Mr Eddie Shah, the Messenger Group's chairman, is equally firm that he will not reinstate six sacked NGA members. Result—the ready escalation of the dispute by NGA activists into an anti-employment law crusade.

The TUC has tried to move as cautiously as it can—though it has expressed more support for the NGA—and hence stored up more potential trouble than Mr Len Murray, its general secretary, would have wished. No dispute of this kind comes at a good time but this one has burst upon the union movement at a particularly embarrassing juncture.

Mr Murray, with other senior colleagues, is now tiptoeing through fields of nettles with Mr Tom King, the Employment Secretary, towards a possible voluntary accommodation on the political level—and in the further distance—the possibility of a similarly non-statutory agreement on strikes in essential services.

The pressures on both sides are great. Mr Murray's acceptance that the union movement must express its opposition to Government policies within constitutional limits is not yet wholly shared by all his colleagues. Mr King is regarded with suspicion by sections of the business community, as being potentially too trustful of solemn and binding agreements. Where Mr King has the option of falling back on further legislation to curb the unions if the TUC's "new realism" fails, Mr

Murray must have the gloomy foreboding that, in that event, the unions have nowhere to go but down.

New technology

While the NGA and the unions left the Messenger dispute in the historical perspective of the mass industrial action which destroyed the Heath Government's Industrial Relations Act, the parallel is specious. The unions are weaker, the Labour Party still lacks authority and the employers wholeheartedly support the new employment law. On a strategic view, the Messenger can only bring bad news for the TUC.

The NGA was always among the most likely of all unions to fall foul of the new law. Its insistence on closed shops, and on defending them by picketing and blacking where they were threatened, runs directly counter to the letter and spirit of the legislation. Politically, it has always been willing to be industrially militant in defence of its organisation: the increasing pressures on it of new technology have reinforced that trend. It has been able to do what other unions have wished to but could not, yet the fact is that, for most other unions, the world has moved on. The NGA now remains almost unique in its ability to impose its will by industrial means.

Despite the difficulties for the TUC in distancing itself from the practical consequences of the NGA's stance, it must be prepared to do so, both in its own interests and in the interests of a better framework of industrial relations. The longer must express its opposition to Government policies within constitutional limits is not yet wholly shared by all his colleagues. Mr King is regarded with suspicion by sections of the business community, as being potentially too trustful of solemn and binding agreements. Where Mr King has the option of falling back on further legislation to curb the unions if the TUC's "new realism" fails, Mr

A dream ends

THE RESIGNATION of Herr Horst Dieter Esch from IBH, the construction equipment company which he created, ends a remarkable European effort to establish a position of world leadership in one of the most difficult and competitive branches of the engineering industry. Starting with a small business in Germany in 1975, Herr Esch set about acquiring other construction equipment companies, mostly loss-making, in Europe and the U.S., aiming to build a group which could hold its own against Caterpillar of the U.S. and Komatsu of Japan.

Herr Esch might claim that if the German banks had been more co-operative the dream could have been realised; the desperate situation of the construction equipment throughout the world—even Caterpillar has been making losses—will not last for ever. But the effect of the recession was aggravated by management errors, as his failure to take drastic rationalisation measures immediately after each take-over. It seems that Herr Esch was too ambitious, underestimating the difficulty of welding together disparate companies with incompatible products in the hands of the world leaders.

Yet it is not obvious that the acquired companies would have done any better if they had not been bought by Herr Esch; some of them were already bankrupt and others were in the hands of groups which had no continuing interest in construction equipment. No doubt Herr Esch's failures will confirm such companies in their reluctance to launch ambitious efforts to compete against the world leaders.

Yet an improvement in Europe's competitiveness is not going to take place unless there are entrepreneurs with the ambition, commitment to their industry and vision of the world market which are unfortunately rare. It would be a pity if European businessmen and bankers drew the lesson from the demise of IBH that caution is always the best policy.

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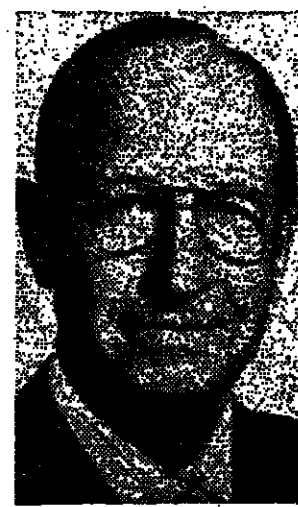
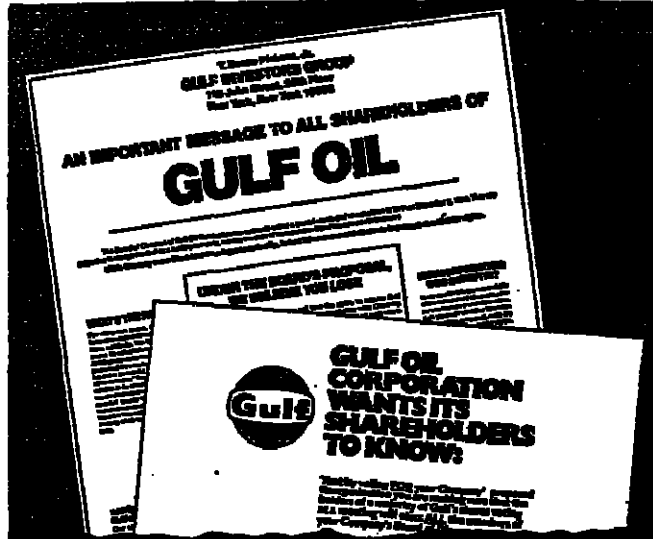
THE U.S. OIL MAJORS

Mr Pickens goes for Gulf

By William Hall in New York



Mr T. Boone Pickens



Mr James Lee

THE BATTLE is being fought out in full page advertisements in newspapers across the world. The air is thick with charges and counter charges. Even by the rough and tumble standards of the U.S. oil industry, it is turning out to be a contest to remember.

At stake immediately is the future of Gulf Oil, fifth largest oil company in the U.S., and one of the "Seven Sisters." But if the attack that has been launched by T. Boone Pickens succeeds, other oil majors may also find themselves vulnerable.

Mr Pickens, who started in the West Texas oil business with \$2,500, is head of Mesa Petroleum (ranked 92nd in the U.S. oil company league table) and has already supplanted the Mellon family, who founded Gulf in 1901, as the company's largest shareholder.

But he has no intention of leaving it there. His idea is to spin off some of the Gulf's highly profitable oil and gas reserves in a royalty trust (see panel) "so that shareholders can better realise some of the underlying value of their company." Pickens' company has already spun off two royalty trusts and several other small U.S. oil companies have done the same. But the idea has never been tried on a major company—and this is what is worrying executives in other big oil companies. What happens if Mr Pickens' ideas catch on?

Mr Pickens has picked on Gulf because its share price values the company at considerably less than the market value of its oil and gas reserves (mainly because they are lumped in with relatively unprofitable downstream refining and marketing operations). He quotes J. S. Herold, a Greenwich, Connecticut, research firm, which has put an appraisal value of \$114 per share on Gulf against its current market price of just over \$40.

If the Pickens' effort to split up Gulf succeeds it will be hard for other major oil companies to escape the same fate. What we will be left with is an array of smaller oil companies, each with much less capital to spend on vital activities such as exploration for new oil and gas," says Dillard Spriggs, a New York energy consultant. Mobil and Texaco, two of Gulf's bigger sisters, could find themselves in a similar position.

When Boone Pickens first caught Wall Street's attention last year he was making a cherry bid for Cities Service Company, another slumbering oil giant. Stung by accusations that he did not have the financial muscle to see the bid through, Pickens tardily arrived in town on the back of a watermelon truck.

Since then his credibility has improved. He was outbid in his attempt to take over Cities Service, but made a handsome profit for his shareholders. At least he has repeated in subsequent shrewd dealings in oil

company shares, with the result that more than half Mesa's profits came from share dealing last year.

A large part of the U.S. oil industry regards Boone Pickens as little more than a corporate "horse trader" in the oil patch. But Wall Street has taken to him.

Even before Pickens put the spotlight on Gulf, Wall Street was well aware of the company's lacklustre record. Its return on capital averaged 10.2 per cent over the five years to end 1982, the lowest of the 14 biggest U.S. oil companies. Its rate of dividend growth was the slowest during the five-year period and, according to International Petroleum Finance, after adjusting for inflation there was no growth in Gulf's dividend.

It has been one of the least successful oil majors in discovering oil in the U.S. According to Pickens its U.S. oil reserves have fallen by 30 per cent over the last five years and it has only replaced 43 per cent of its U.S. production over the same period.

James Lee, who took over as chairman of Gulf in 1981, does not dispute the company's poor record. "There are two things that can be said about our current position and most recent performance. First, we don't like it. And, second, we're working hard to change it," Mr Lee

THE ROYALTY TRUST OPTION

tion. Mesa has pioneered the concept in the U.S. The big attraction of a royalty trust is that it eliminates the double taxation that occurs when an oil company's income is taxed first in the hands of the corporation and again in the hands of the shareholders when they receive dividends. In the case of a royalty trust, the income, or royalties, flow direct to the shareholders.

"Royalty trusts currently outstanding trade at an average of eight to 10 times cash flow compared with 2½ times cash flow in the case of

Gulf Oil shares," says Pickens. Pickens' arithmetic on Gulf is simple. Assuming it spins off 50 per cent of its U.S. domestic oil and gas reserves in the form of a royalty trust, this would give shareholders an income stream of \$750m or \$4.50 per share. Based on historic cash flow multiples for other royalty trusts, Gulf royalty trust units should trade around the \$36 to \$45 mark. The residual company would still have a cash flow of \$2.35m, or \$13.60 per share, which on Gulf's historic cash flow multiple would result in a residual

share price of around \$34—giving a combined premium of around two-thirds to Gulf's current share price.

For its part, Gulf Oil says there is no "credible evidence" that the creation of a royalty trust would enhance share value for Gulf's shareholders. It says Pickens' analysis and assumptions are "in some respects simply wrong and in others flawed or otherwise open to serious question." It also accuses him of glossing over the fact that the individual investor, who makes up the majority of Gulf shareholders, would face a significant tax burden if Gulf was to distribute a royalty trust.

Finally Gulf has spent \$1bn buying back 30m of its shares—equivalent to 15 per cent of its equity, in an effort to boost shareholder returns.

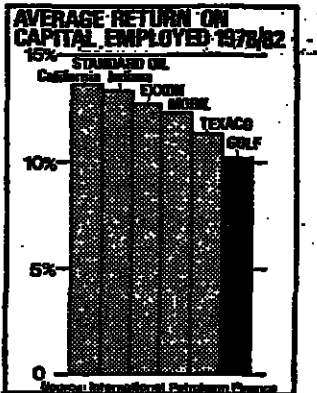
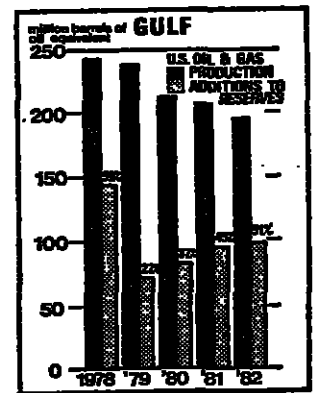
Mr Lee firmly believes that the painful measures of the past two years are beginning to pay off and points to the 74 per cent rise in third quarter earnings as proof. The group's return on equity, which fell to 8.1 per cent last year, is expected to be back into the 11 per cent to 12 per cent range shortly, and the company is talking of longer term targets of 16 per cent and maybe 20 per cent, in a few years' time, if its plans are achieved.

Boone Pickens does not set much store on Gulf's efforts to put its house in order. "Selling off domestic reserves of oil and gas. If you are not replacing them, reserves you are in liquidation very simply. This company has been liquidating itself for over 10 years now," says Pickens.

He believes that if a company is depleting its reserves, it should do it under a structure which is more efficient for shareholders and this means a royalty trust with the income

upgrading of its refinery operations which will greatly increase its ability to refine lower-cost heavy and sour crude oils. This move, together with a major rationalisation of its U.S. service station network, is expected to save the company more than \$300m a year by 1984.

Gulf's retrenchment means that it is now much more of a domestic U.S. oil company than some of its rivals and perhaps should no longer count as one of the "Seven Sisters" which once used to rule the international oil world. U.S. operating earnings account for 60 per cent of the total and Gulf Canada, one of the top three Canadian oil companies, produces another 20 per cent.



Men & Matters

Angus tipped

Smart money among Unilever watchers is upon Michael Angus, aged 53, to become the next chairman of Unilever PLC. Angus is to become a member next May of the special three-man executive committee that will run the world's largest consumer products and foods group.

Angus gets his chance to join the informal—but effective—troika because of the retirement next year of Frans van den Hoven after nine years as chairman of Unilever NV, the Dutch part of the group.

Van den Hoven's job is going to another Unilever high flier, Floris Maas, aged 50, who was appointed to the special committee in May last year. Since the Rotterdam-based chairman is always a member of the executive and is a vice-chairman of Unilever PLC, this leaves a vacancy on the executive which Angus will fill.

Angus will also become a vice-chairman of the company. As Unilever already has another vice-chairman in Fraser Sedcole it will be the first time

for many years that Unilever has had three vice-chairmen.

Although Majors is also in the running to take over from the present chairman Ken Durham—who at 59 probably has another couple of years in the top job judging by the usual retirement age of Unilever chairmen—Angus is the front-runner because of his success in pulling together the Lever Brothers operations in the U.S.

There is not likely to be a mad scramble for power in Unilever House, however. The group style (unlike some other multinationals) is for an orderly succession.

When Mother Teresa, the 73-year-old head of missions of Charity in India, went to the presidential palace, New Delhi yesterday, to receive an honorary award of the Order of Merit from the Queen it was not generally known that Mother Teresa is fresh from staging her own mini-coup against the Marxist government of west Bengal.

With hardly any publicity she has intervened in a strike at the Loreto Convent school in Calcutta—a place dear to her heart as she worked there when she first arrived in India from Rome.

Manual staff on strike at the school were assaulting teachers as they went to work. The authorities were failing to take preventative action.

Mother Teresa arrived on the scene, visited the school, and spoke to the chief government minister.

End of confrontation.

Eastern style

Comecon's fashion planners—yes—they do exist—are meeting in East Berlin this week to demonstrate what will be chic on the street in Marmansk and

Havana in 1985 at the culmination of the current five-year plan.

Some of the state fashion houses from Russia, its East European allies and Cuba, have come up with attractive designs which are being shown off by East German models.

Putting them into production will be quite another story, however. Clothing plants in Comecon countries are terrified by new fashion trends and few of the styles being shown are likely to reach the shops.

The jeans episode is the classic example of state planning impinging upon transient fashion.

After years of resistance from the authorities to that "western" style the commissars finally gave in and jeans outfits for men and women are being churned out all over eastern Europe. The trouble is that citizens have unpatriotically stopped buying them.

Rest easy Paris, London, Florence and New York.

Error in favour

Brokers Buckmaster and Moore seem to have it in for the Treasury. They have just put out a circular complaining that once again the Treasury has made mistakes in forecasting revenue gains from possible changes in Excise duties. They put out similar statements highlighting Treasury mistakes last year after the autumn budget and again this year after the budget.

But the faceless ones in the Treasury can assure their wounded feelings in the knowledge that Buckmaster and Moore have themselves made a mistake in their latest circular.

They say that the Treasury estimate that a one penny duty (plus VAT) increase on a packet of king-size cigarettes would produce £35m in a full year is based on an assumption

that 3.5bn packets of cigarettes will be consumed.

"Current consumption levels suggest that 50bn packets of cigarettes are, in fact, being consumed..." say E and M, and they go on to argue a case based on that figure.

Actually the current consumption of cigarettes in Britain annually is much more modest—around 5bn packets.

All of which goes to show that people in glass houses shouldn't smoke.

Account closed

It learned from Accountancy Age that Michael "Mad Mike" Hoare, aged 64, the soldier of fortune currently doing time in a South African jail after his unsuccessful invasion of the Seychelles has been dismissed from membership of the English Institute of Chartered Accountants.

While Hoare is probably best remembered for his African mercenary activities in the military sphere he has long followed a second profession as a chartered accountant.

An institute spokesman comments that "his conduct must be regarded as bringing the profession into disrepute." Well, yes—after all he did plead guilty to unlawfully seizing an aeroplane on a scheduled flight together with two counts of jeopardising safety and good order.

Hoare was admitted to the institute in 1948.

Bird brains

Noteworthy appointments of the age: Buxted Poultry announces that David Gosling has just become its director of finance. Perhaps they are planning to fatten him up for Christmas.

The Importance of being Graham's



Observer

POLITICS TODAY: THE CIVIL SERVICE

Confessions of past errors

By Malcolm Rutherford

THE BBC's Reith lectures this year are being given in Civil Service language: quiet, understated, restrained, constrained and all the rest of it. There was a word "conspicuous" which one had to look up in the dictionary to see whether it existed in English. Nevertheless, the lectures are excellent.

They are being given by Sir Douglas Wasse, until very recently the head of the Treasury, and it would be surprising if existing senior civil servants such as (say) Sir Robert Armstrong, the present Secretary to the Cabinet, had not been consulted on the drafting.

The third lecture, broadcast on Wednesday this week, was a concerted Civil Service attack on Sir John Hoskyns, a former head of Mrs Thatcher's policy unit at No. 10 Downing Street. Sir John has been campaigning, with a megaphone, for far more policy advisers to the government of the day to come from outside the traditional Civil Service. The Civil Service doesn't like it.

Still, the first two lectures were sharp enough and there are three more to come. An inescapable conclusion so far, which is also supported by other evidence, is that the top of the Civil Service is now deeply concerned about how it can provide better — and possibly more open — government.

It is confessing past errors. In particular, there is an implicit acknowledgment that the Civil Service was not able readily to adapt to a radical Prime Minister. When Mrs Thatcher came to power in 1979, she wanted to break with the postwar consensus or, in her own words, "strut things up". The Civil Service was used to the consensus and, indeed, to some extent had itself created it. It did not want radical change partly because it did not believe in it and partly because it did not think that any Prime Minister would survive long enough to put it into effect. As Sir John Hoskyns has said, it had become defeatist. In that, the Civil Service has been proved wrong: Mrs Thatcher has at least survived for a second term. But the Prime Minister has her own deficiencies. It was one thing to want to stir things up. It was quite another to find

a machinery of government capable of putting the desired changes into effect, even if the nature of the changes was clear in the Prime Minister's own mind, which quite often it was not.

What seems to be happening now is an attempt at synthesis. The top of the Civil Service is seeking to become more responsive to what a radical government might want, and more efficient in carrying out its wishes. And the Government is still looking for a more effective machinery. There is a long way to go, but the prospects are not all that bad.

Take three obvious facts to start with: The Conservatives were returned at the general election with a large majority and should be in power for at least four years.

The Conservative lead continues to hold up in the opinion polls, even if that like the election victory is partly a reflection of the divided opposition.

A voice has gone missing whenever the Government presses its pet theme of privatisation. Not even the Labour Party now promises to renounce every or indeed any state asset that the Government sells off to the private sector. That is a fundamental change we may be out of the old cycle of nationalisation and denationalisation.

There are other facts which are less obvious. In delivering the Reith lectures, Sir Douglas Wasse is certainly open to the charge that he is in favour of radical change now, why did he not do more to put it into effect when he was still at the Treasury? Yet it remains striking that he should admit that Britain's postwar performance has been "disappointing" in any way, and not only that many government decisions have been wrong, but also that there was a "policy reassessment". But he goes on: "They were not usually Cabinet reviews, and none of them was a result of a



Sir Douglas Wasse

systematic study... An issue which comes to Cabinet is presented by the minister, whose interests and reputation are involved, and he is bound to be partisan. No mechanism exists to enable the Cabinet to challenge his views unless the interests of another minister are involved, and even then the challenge itself may be partisan. Cabinet can be too easily railroaded."

In another passage he suggests that decisions have often been made on the basis of two broad principles. The first is that "as things have been, so broadly shall they remain... the implicit assumption is that these plans are 'right' in the sense that they were accepted in the past and that the only question is how rapidly or how slowly they should develop."

The second broad principle is: "We have the muscle to get the money." Well illustrated in the diaries of former ministers. It means that you go into Cabinet to press the needs of your own department and almost nothing else. Coming from Sir Douglas, that amounts to a fairly devastating indictment of the way government has been run over the

years. We must wait for his final conclusions over the next three weeks. But already there have been some modest proposals, most of them to do with the settling of public expenditure which, he says, is "arguably the most important function which Cabinets now engage in."

He is in favour of making the spending departments think what they would do if the money available to them were drastically cut: otherwise known as the practice of "zero-based budgeting," though Sir Douglas would like to see it only on a selective basis at first.

He also harks back to the practice of policy analysis and review (PAR for short) introduced under Mr Edward Heath's administration. Whitehall was supposed to constantly re-examine its programmes to discover whether they were working in the way intended. Sir Douglas notes that the concept faded, but gives a telling reason why: "Many departments chose to offer relatively minor programmes for analysis and kept their major policies out of the area of review."

More dramatically, he would like the resurrection of some kind of "think tank" or Central Policy Review Staff, which Mrs Thatcher abolished last summer. But it would be in a new form. It would not just serve the Prime Minister or be an umpire for individual departments when called. Instead, it would be in touch with all departments, not least to ensure that the Cabinet had, in effect, a watching brief over any private deals that might be struck. (Shades there of some private deals in the past!) The new body would also suggest its own solutions to the "problems of choice."

The call, in short, is for some alternative means of policy appraisal to be built into the system, apart from what is already available to the Government and its conventional departments. Speaking of the demise of PAR, Sir Douglas said: "I believe... that a new generation of officials, and a firm commitment by ministers, could make it a success." In many ways that is the most revealing sentence in the lectures so far.

In other words, Sir Douglas is admitting that a whole generation of officials, a whole approach to government, is passing, and that the past might not be the only model. Almost no senior official would have said that in 1979.

So if the Civil Service, at least in retirement, is responding to change, how is the Government getting on? After all, it has been more notable to date for abolishing established structures — like the think tank — and for sniping at the Civil Service in general than for setting up anything new.

The best hope here seems to lie in Mr Nigel Lawson, rather than in Mr Geoffrey Howe, who in the past has been called "on public expenditure and requirements until well into the 1990s." As Chancellor, Mr Lawson is still fairly reticent about the idea. The document might not be all that comprehensive.

Yet if the Government were to go ahead and produce a compendium of the best that

has been thought, said and enumerated about the long-term prospects for growth, revenue and expenditure, as well as the political choices involved, it could set the background for the debate for some years to come. The document itself would be politically neutral, but it could become the textbook for discussion.

In one way, however, the Chancellor remains a conservative with a small "c". He is no great enthusiasm for tax reform.

That is a pity. For, given four years to play with, now is the time to launch an inquiry into the possible simplification of the tax system. As a recent book on the politics of tax-policy making points out, there has been no such official inquiry since a Royal Commission was set up in 1981.

The result has been that governments have made up tax policy as they went along, sometimes for different reasons. For instance, almost every Finance Act since capital gains tax was introduced in 1965 has contained some amendment to it, yet it does not raise much revenue.

Some taxes have been adjusted for the purposes of seeking wider support for an incomes policy, others for short-term demand management and yet others for redistribution of income: in other words, social policy. The question of finding an efficient way of raising money to pay for public spending has mainly been secondary as Chancellor's improvisations where they could: a windfall tax on profits here and there, and so on.

Mr Lawson tends to think that he is a radical because he has acknowledged that the main purpose of tax is to provide public expenditure. If that is controlled and there is economic growth, taxes can be cut and any anomalies in the system will become less noticeable. In that, his radicalism is very conservative. A bold Chancellor would set up a tax commission as soon as possible. It might even be related to the green paper, which could itself be regularly updated.

For policy-making in the UK, see Robinson and Cochrane, Sandford, Heinemann Educational Books.

Lombard

Reaganomics and Mrs Thatcher

By Anatole Kaletsky

IT WAS a year ago this month that the U.S. economy began to pull out of recession into the "roaring" recovery which President Ronald Reagan had promised all along.

By accident, as much as design, the policies followed by the Reagan Administration and the Federal Reserve Board in the past 18 months have been exactly what an old-fashioned high school economics textbook of the 1960s would have prescribed for an economy which had been "starved of oxygen."

Taxes were slashed, government deficits soared and short-term interest rates were cut almost in half, with scant regard for the impact on money supply growth, in the summer of 1982. Within six months the economy was duly roaring ahead. By the third quarter of this year gross national product had lifted effortlessly above its previous quarterly record, in 1981.

Compare this with Mrs Thatcher's performance since 1979. Although the British economy has been recovering steadily for two years, GNP this year will still be about 2 per cent below the 1979 level, despite an increase in the contribution from the North Sea windfall estimated at between 2.5 and 4 per cent of GNP. British fiscal policy during this period has been steadily deflationary, at least until this year.

There has been a cut in the underlying government deficit, adjusted for the effects of the economic cycle, of around 6 per cent of GNP between 1979 and 1982. However, the fact that an economic recovery of sorts began in Britain in 1982, after the biggest round of tax increases in 1981, is sometimes held to be a decisive refutation of the traditional Keynesian logic.

Before jumping to this conclusion it is worth looking at recent U.S. fiscal policy experience. The U.S. Government's deficit — adjusted for the economic cycle — contracted in 1979, expanded in 1980, contracted again in 1981 and then expanded strongly from July 1982 onwards. The economy responded with the precision of Keynesian clockwork — GNP fell in 1980, grew in 1981, fell again in 1982 and then began its present

powerful recovery in November last year.

Of course monetary policy, too, was extremely supportive of the U.S. recovery since the summer of 1982. And in 1981, the Fed's narrow money measure, M1, undershot its target by a small margin, helping to explain the economic downturn in 1982.

In Britain, however, the behaviour of the monetary aggregates in relation to their targets has been in no way consistent with the fluctuations of the economy or the abrupt reduction of inflation since 1980. Sterling M3 was on target in 1979, well above it in 1980 and 1981, and within its range again last year. Looking at other definitions of money in both the U.S. and the UK, the picture becomes even more confusing. The main money measures which were not specifically targeted by central banks grew fairly steadily for much of the 1979-82 period, belying the roller coaster performances of both the U.S. and British economies and inflation rates.

These comparisons, simplistic though they may be, are suggestive. Fiscal policy does seem to have a powerful impact on real economic output, at least in the short-term. The effect is strongest in a relatively self-sufficient continental economy like the U.S., particularly when selective import controls such as those practised by the U.S. against Japanese car makers and European steel producers limit the leakage of domestic demand into production overseas.

The effects of fiscal expansion or tightening can certainly be offset by monetary policies, as they were in Britain in 1981, when big tax increases were accompanied by even more powerful cuts in interest rates and in the exchange rate. But even on this point the teachings of traditional pre-monetarist economists have much to commend them: it is the level of interest rates, rather than the rate of monetary growth, that primarily affects the economy. Serious Keynesians never claimed that "money does not matter" — interest rates matter very much, it is only monetary targets that do not.

Letters to the Editor

British civil air transport policy

From the Deputy Chairman, Caledonian Aviation Group.

Sir—As an old hand in the air transport business, may I commend the article (November 21) by your Aerospace Correspondent on the projected transfer of British Airways from the public to the private sector and on the need for a new strategic plan for British air transport as a whole.

There is, I am sure, common ground that everyone wishes to see British Airways succeed as a component of a strong, profitable and fully competitive British air transport industry. But—and this is the point—the best results likely to be gained by the continuation of a near-monopoly for British Airways in scheduled air services under private ownership?

Following the line of my view, the merger of BEA and BOAC, British Airways became virtually that outmoded concept of a "single chosen instrument." As such it has the lion's share (of more than 90 per cent) of British overseas air routes.

Such a monopoly translated into the private sector would not only doom it to failure but a matter for concern, it would jeopardise the future of this vital national industry should, unfortunately, it cease again fall.

The Edwards Committee of 1969 on "British Air Transport," had wise words to say on this subject—relevant also in a wider context. They wrote:

"We conclude that a monopoly structure for the UK airline industry, though not impractical, would create more problems than it would solve—and we recommend against it. We believe that it is valuable to have more than one source of expertise, judgment and experience—including commercial innovation. No organisation should be made larger than it needs to be to secure the major economies of scale and specialisation and it is wise to create as many independent, or quasi-independent, groups as this will permit." In brief—a balanced industry structure.

In recent years all the very large international air carriers have returned poor results. They have all exhibited serious economic and management problems. Though they have been protected by bilateral agreements, they have been slow to respond to economic challenges.

By contrast, many medium-size international carriers (sizeable but smaller) have shown themselves to be both more nimble and more successful in weathering the storms of recession.

There is no coincidence and the lesson is clear. Efficiency, vigorous enterprise and effective competition is best achieved under conditions by airlines of adequate—but not monolithic—size; and for many cogent reasons.

Airline route patterns—the major factor in airline size—are

wholly within the policy decisions of the governments concerned. Good management is an essential ingredient, but experience shows how much efficiency is stimulated by opportunities to compete within an adequate route network.

Against this background, British Caledonian's proposals for a better-balanced structure for the British air transport industry, so powerfully advocated by Sir Adam Thomson, would not remove from British Airways its position as the major (but not the dominant) British airline better streamlined for profit, while it would re-affirm a much-needed British airports policy in which British Airways would continue to be the major Heathrow airline and British Caledonian the major carrier at Gatwick—both in powerful competition with foreign airlines and each other.

Such a solution would use the creation of "British Airways Plc" as the opportunity to establish fertile conditions for a sound, vigorous and profitable British air transport industry—an opportunity missed 14 years ago after the Edwards Report. That opportunity will not occur again quickly. Let us not miss the take-off slot which now opens for a climb into a prosperous future on the part of BA, BCal and other scheduled British airlines.

(Sir) Peter C. Masefield, Caledonian House, Crawley, West Sussex.

A union and the law

From the General Secretary, Post Office Engineering Union.

Sir—In the article on November 23 concerning the effect of the new labour laws on industrial action, I must correct one fundamental error contained within it. The legality of the action undertaken by the Post Office Engineering Union against the inter-connection of Mercury to the British Telecom network has not, I repeat not, been settled.

The factual situation is that the Appeal Court granted a temporary injunction against the union requiring it to lift its blacking action against inter-connection until such times as the matter was determined at a full trial. The union decided not to appeal this decision to the House of Lords because it wishes for this full trial to take place at the earliest opportunity.

Therefore the impression given in your article that the inter-connection issue had been resolved is quite contrary to the facts. The POEU is determined to go to full trial and prove that its action in blacking inter-connection is a genuine trade dispute arising from existing legislation.

Bryan Stanley, 150 Brunswick Road, W5.

Local authority proposals

From the Leader and Chairman of the Policy Committee, Association of County Councils.

Sir—I do not seek to use your columns for a further debate on the merits of the Government's proposals for rate capping or abolition of the Metropolitan Counties. I write only to correct an error of fact in Councillor Farrell's letter (November 22).

Opposition to the Government's present proposals on rate capping, far from being limited to a "hardcore of Conservative councillors" is widespread. No Conservative-controlled county council has supported the proposals contained in the Government's White Paper as they stand. The strength of the opposition can be measured by the vote taken at the recent meeting of the full executive council of the association of County Councils, which supported the association's response to the White Paper by 95 votes to 2, with 7 abstentions. Lewis D. Moss, 66a, Eaton Square, SW1

Asking for money

From Mr K. Goodlad

Sir—Perhaps Mr P. Saul (November 23) may have had less difficulty in raising the money for his French apartment if he had asked his bank manager rather than telling him that he was going to lend him some money.

K. M. Goodlad, School Road, Wickham Bishop, Witherham, Essex.

Enterprise allowance

From the Director, Berkshire Enterprise Agency

Sir—It is reported (November 19) that only 15,000 of the 25,000 places/allowances in the Manpower Services Commission's enterprise allowance scheme have been taken up. Your report also suggests that one assessment to be introduced, namely that a "£1,000 overdraft facility" will be acceptable as evidence of capital available to invest. This is a useful step forward because the present conditions for eligibility include you must be able to show that you have at least £1,000 which you intend to invest in the business over the first 12 months.

This particular condition presents often insurmountable difficulties to two groups of potential entrepreneurs. The first group comprises those who as a result of unemployment have used up all their liquid

resources. The other, to whom we would in this letter particularly draw attention, are those who have tools of their trade and/or capital equipment to use in their business, in excess of at least £1,000. But the rules do not allow this resource to be regarded as equivalent of money "to invest in the business."

In section 30 of the 1980 Finance Act income (and corporation) tax relief on pre-trading expenditure was granted if incurred by a business not more than one year prior to the commencement of trading (The 1982 Finance Act extended this to three years). Translating this approach to the enterprise allowance, we would urge that equipment and tools purchased up to three years prior to application for an enterprise allowance (backed by receipts) be considered as satisfying the £1,000 rule. Of course objections to such proposals can be raised (they always are). But is this not a simple, viable proposition

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Gilmore may drop dumping action

By Paul Cheeseright in Brussels

THE European Commission believes the anti-dumping case brought by Gilmore Steel in the U.S. against West German and Belgian hot-rolled carbon steel plates will soon be dropped altogether.

Gilmore's action aroused anger in Brussels, where it was feared that the sales restraint agreement for carbon steel products negotiated last year between the EEC and the U.S. would be jeopardised.

Strong representations were made to the U.S. Government but the case moved out of its preliminary phase because the International Trade Commission (ITC) in Washington found "reasonable indications" that the Belgian and West German products had harmed Gilmore.

Viscount Davignon, the EEC Commissioner for industry, observed in Düsseldorf this week that Gilmore Steel had dropped half its complaint, although he apparently gave no details.

It is now assumed in Brussels that the rest of the complaint will soon fall away. Feeling about the issue is more relaxed than a month ago.

The Commission appreciates, however, that until the complaint is formally dropped, the U.S. legal processes have to be carried through. The Department of Commerce is seeking to establish the fact of dumping and the ITC has to make a final determination on whether Gilmore has been injured.

If Gilmore's case is upheld preliminary anti-dumping duties could be imposed in January.

The Commission has consistently maintained that the Belgian and German producers have no case to answer. EEC carbon steel sales to the U.S. were 36.7 per cent lower in the first eight months of this year than in the corresponding period of 1982.

Swedish steel hopes dashed, Page 2

Olivetti re-sells French stake

Continued from Page 1

Benedetti group, this brings to 20 per cent the stake in Olivetti held by CIR, the industrial holding company controlled by Sig Carlo De Benedetti, chairman of Olivetti. It is the largest single shareholder in the company.

A consortium made up of Mediobanca, the Italian merchant bank, LMI, the medium-term credit bank, and Credito, another medium-term financial institution, bought 24m shares, or 7.9 per cent of Olivetti.

A total of 18m shares have been acquired by two unnamed U.S. investment funds, representing a further 5.3 per cent of Olivetti. The remaining 2.3 per cent (7m shares) of the former French stake has been placed with a variety of European institutional investors.

Olivetti said last night it was forming an Italian "controlling syndicate" which would represent around 100m shares in the group.

Andropov steps up pressure on West

Continued from Page 1

Although Bonn was clearly one of the main targets of the Soviet warning, Herr Kohl again defended the start of Western deployment as a counter-balance to the Soviet medium-range weapons. "A policy that accepts a monopoly for the Soviet Union in the medium-range area and accepts the associated military superiority cannot be tolerated let alone approved through inaction."

Reuter reports: President Ronald Reagan said he was dismayed by Mr. Andropov's announcement. He said, however, that the U.S. remained ready to resume the talks on medium-range missiles and was determined to renew efforts to do away entirely with the land-based weapons system.

Lawson tries to quell tax increase fears

By Peter Riddell, Political Editor, in London

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, yesterday reacted to the Confederation of British Industry's criticism of his autumn economic statement by expressing confidence that on present policies, the level of taxation would be reduced during the lifetime of the current parliament.

He argued that this was one of the British Government's main objectives, whatever decisions had to be taken next spring.

Mr Lawson was opening yesterday's House of Commons debate of last week's statement when he had warned that on current projections taxes might have to rise by £500m (£734m) next spring if public sector borrowing was to be held down to the present target of £8bn in 1984-1985. The CBI, the employers' organisation, has warned that any tax increase could kill off the recovery.

Mr Lawson yesterday noticeably tried to dampen worries about tax increases. He conceded that "the overall fiscal prospects have slightly deteriorated since the last budget."

He pointed out that the figures at this stage "are subject to a wide margin of uncertainty and rest on a number of conventional assumptions. The autumn statement is not

the time for decisions on appropriate levels of borrowing or taxation. By the time of the budget we shall have much more, and more up-to-date information." He then stressed the hope of reducing taxation during this parliament, which must end by 1988 at the latest.

In his speech, he confirmed that in the latest expenditure decisions would mean that spending in real terms would be broadly constant over the next three years.

He added that if the economy grew steadily, there would be scope for real cuts in the level of taxation. Pressed about a debate on long-term public spending trends, Mr Lawson said it was very desirable to maintain the momentum of public discussion and he wanted to publish some form of documents for the public expenditure proposals.

Mr Lawson also defended the Treasury's forecast of a 3 per cent growth in output next year in the face of the more pessimistic view taken yesterday by the National Institute of Economic and Social Research. This suggested that the economy might expand by 2 per cent next year. Mr Lawson said that the Institute "blows its heat" - had a poor forecasting track re-

cord and was always "the bearer of gloom and doom."

Scepticism about the Treasury forecasts was expressed during the debate by Sir Ian Gilmour, a former Conservative minister and a persistent critic of the current strategy. He was doubtful about the expected contribution to recovery from the growth in exports. Looking back at the recovery in output over the last two years, he said it largely reflected the big increase in public spending and lower taxation.

In his speech, Mr Lawson sought to answer conservative backbenchers who have been pressing for more capital investment by the public sector. He said the present definitions were calculated after deducting sales of assets and ignored nationalised industries. They treated virtually all defence spending as current even when it was on capital items, like buildings and ships.

Mr Lawson said that if nationalised industries were taken into account, and special sales of assets and council houses were added on public sector capital investment had risen in cash terms from £12bn in 1978-1979 to nearly £20bn in 1982-1983.

GM heads for £53m deficit in UK after trucks setback

By Kenneth Gooding, Motor Industry Correspondent, in London

GENERAL Motors is heading for a net loss in Britain this year of about £53m (£71.38m) compared with a loss of £38.7m in 1982.

In a confidential report to senior management and trade union officials, GM says that nearly all the loss will be attributable to the Bedford trucks business.

But the Vauxhall car operations are also expected to suffer a small loss in spite of achieving record new car sales this year.

The Bedford and Vauxhall businesses were separated into two companies on January 1 this year. The record combined loss was £83.3m in 1980.

Mr J. T. Battensbury III, Bedford's general manager, says in the report that the company's main problem would have to be looked at but a spokesman yesterday insisted that Bedford had no plans to reduce the workforce any further.

Bedford currently employs 8,475

(including 5,884 hourly-paid) and the workforce has recently been slimmed by switching employees to the Vauxhall car operations. Vauxhall's workforce totals 11,580, including 8,700 hourly-paid.

To reduce some costs Bedford is to stop regular production of some truck models and in future they will be available to special order only.

Mr Battensbury pointed out that GM was committed to continue its financial support for Bedford. Earlier this year GM said it would spend an immediate £50m rising to £70m by the end of three years to revamp the Bedford van lines at Luton.

A new one-tonne van, based on the Isuzu WFR model (GM has a 36 per cent shareholding in Isuzu of Japan) will come on stream late in 1984. Vauxhall has assured the Department of Trade and Industry that the EEC content of the van will be pushed to 80 per cent within three years.

In all, GM has said it will spend around £130m on its UK businesses by mid-1986, mainly financed by loans to Vauxhall and Bedford from the parent group.

Mr John Fleming, Vauxhall chairman, says in the report that the company will make a small loss this year. He indicated last month that the three-day pay strike in September might have cost Vauxhall its first profit since 1978.

Mr Fleming says Vauxhall's car sales are expected this year to reach a record of over 262,000 (against 181,737 in 1982).

This would give the company a market share of around 15 per cent (11.7 last year). He forecasts sales volume of more than 300,000 cars in 1984 so that Vauxhall would reach a 16 per cent market share a year earlier than previously expected.

Chrysler may seek Mitsubishi link, Page 21

IBH head quits as survival bid fails

By John Davies in Frankfurt

HERR Horst-Dieter Esch yesterday announced his resignation as head of the struggling IBH construction equipment concern, conceding defeat in his efforts to keep most of the group together under a restructuring plan.

He said he understood there was no hope for his plan after discussions between West German bank creditors and IBH shareholders in the last few days.

He indicated that the only possibility now was a break-up of IBH - to find solutions to its difficulties at a national or company level.

Herr Esch wanted the support of shareholders and creditors to maintain a core operation of IBH's U.S., UK and West German units, but to have off its French and Brazilian subsidiaries.

He proposed this restructuring as part of a court-supervised settlement with creditors. He also wanted creditors to write off 60 per cent of the group's debt.

IBH turned to the courts, declaring itself insolvent, in the wake of the West German banking system's intervention to rescue the private bank Schröder, Münchmeyer, Hengst (SMH).

SMH floundered largely because of major lending to IBH and associated companies and is now being run, in effect, by representatives of the entire West German banking system.

IBH was founded by Herr Esch eight years ago and has been built up into one of the world's largest construction equipment groups through a series of takeovers.

Herr Esch has a personal stake of just under 9 per cent in IBH. Other major shareholders include General Motors of the U.S. and the Dahl Establishment of Saudi Arabia (both with just under 20 per cent). Powell Dabry of the UK (13.2 per cent), Babcock International of the UK (10.1 per cent) and the SMH bank (7.5 per cent).

Herr Esch said at a press conference yesterday that he had plans would have involved salvaging a nucleus with world sales of DM 1.45bn (\$540m) a year and capital of DM 250m.

He had proposed that the capital be supplied by the existing shareholders, including SMH, General Motors, the Saudi Arabians "and some others."

The group would have consisted of a summer Terex in the U.S., the Terex unit in Scotland incorporating Hymac's operations, and Hanomag, Harnag, Duomat and a slimmed Zeithaus in West Germany.

Such a group would have required no more credit than IBH formerly had, he said. Herr Esch said that SMH had risk exposure at IBH of between DM 900m and DM 1bn. If IBH were "smashed", the bank would lose between DM 600m and DM 700m, but under his plan it would have lost only about DM 300m, he said.

He refused to be drawn on the source of opposition to his plans, and said matters had not reached the point of an explicit "No."

"I don't want to point the finger at any bank or shareholder and say who is to blame," he said.

But he was convinced his plan had no chance and he had decided to step aside in the hope that this would speed up rescue operations.

Herr Esch said that IBH and he himself had made some mistakes, but none of these mistakes accounted for the group's present difficulties.

The main reason was that in the past eight years IBH had never succeeded in winning the support of the big West German banks, even though it had considerable shareholder capital and the support of banks in the U.S., France and the UK.

He said that IBH's bank debt was DM 550m, which was not excessive for a group of its size. Worldwide, its total debts to banks and suppliers and other liabilities totalled between DM 1.2bn and DM 1.3bn.

Herr Esch said that IBH made a loss of DM 112m last year, after taking account of General Motors' agreement to waive a claim of DM 100m. This year the loss would fall to about DM 70-75m, taking account of a DM 130m waiver by GM.

He said he did not believe that GM was against his plans of the group's restructuring because it wanted to sell the Terex site in the U.S.

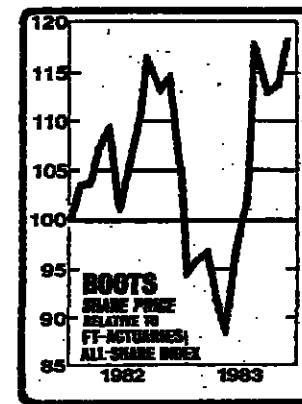
He believed GM would try to find a solution for Terex - which it formerly owned - but he did not believe it would become involved in construction equipment again.

Dr Wolfgang Peterleit, the court-appointed administrator, said he knew of at least three companies interested in taking over some or all of IBH's West German operations. Two are European companies and the other is from the Far East.

Meanwhile, Hanomag - IBH's Hannover-based subsidiary - has received government aid to continue production.

THE LEX COLUMN

New prescription for Boots



year on the basis of recently won contracts.

The volume, however, may be stagnant next year, but cost savings associated with new plant should keep profits moving ahead here.

Profits abroad have been boosted by a better-than-expected performance from the Texas aggregates acquisition, which has already enhanced earnings per share. Profits from existing foreign subsidiaries, meanwhile, have jumped by 88 per cent or so, with tile volume at Bras in West Germany up by a tenth.

Redland - always a strong convert to CCA accounting - has a double motive this year for prominently displaying the figures, which show a 47 per cent improvement at the pre-tax level.

The improvement is backed up by the further cash inflow projected this year - of £25m after paying tax and a dividend back at 1979-80 levels in real terms. This year £30m is on the cards, against £86.3m.

The shares, up 8p yesterday at 270p, produce a prospective p/e on a 40 per cent tax charge of 10%.

Tricentral

Tricentral, it seems, can do nothing right in the eyes of the market. A month ago, the group announced a sensible deal in the North Sea and then turned the effect by financing it with yet more equity. The market was no more impressed by yesterday's third-quarter statement which showed net income rising by a fifth to £7.3m. The shares responded with a 10p drop to 188p.

The most charitable explanation of the price movement is that respectable figures have made the threat of a bid more remote. Yesterday's statement did, after all, provide encouraging evidence that in the UK Government's budget changes have reduced Tricentral's PRT payments to the basic minimum - even if there will be some corresponding rise in the corporation tax to perhaps £2m annually.

More likely, however, the market was expressing further frustration with Tricentral's failure to produce any substitute for Thistle's field cash flow, which is now on the wane. Undeterred, the group continues to spend heavily and, on present budgets, borrowings could well equal shareholders' funds by 1986. If anything, the North Sea tax carrot is tempting Tricentral to spend more heavily there without producing much obvious determination to cut back elsewhere.

In the latest six months B&H has doubled the number of investments in its Californian property portfolio, which has now cost a total of \$15m and carries contingent liabilities of \$25m.

It is clear substantial development profits are expected on this, but they will not come this year and B&H meanwhile is just as clearly undecided about the whole idea of further investment in the sector.

Uncertainty also hangs over the future of B & H's non-consolidated South African subsidiaries, currently valued in the books at £18m.

With its new U.S. coal operations losing money, the group's core businesses look hardly more predictable than the property. But pre-tax profits of £13m ought to be achievable this year, which on a stated tax basis would leave the shares trading on a multiple of 7.6. The dividend yield is now up to 7.5 per cent.

Redland

The sequence of international recovery in the construction industry can be pinpointed with uncanny accuracy in Redland's results. In the UK the turning point occurred in September 1982. The U.S. and West Germany followed in the second quarter of this year and Australia's low point was registered a matter of weeks ago.

Even for a company like Redland, which has held on to its earnings through the recession, the return of volume growth has had a powerful geared effect on pre-tax profits, up 30 per cent in the half-year to September, at £40.5m.

In the UK the volume has moved up 20 per cent and is the main motor behind an underlying rise in domestic trading profits of 29 per cent, stripping out property sales. Profits in aggregates has slowed, but should pick up against next

NEWS REVIEW

BUSINESS

£1.5 million communication order

British Telecom International has chosen Ferranti SMS/IBS/770 microwave equipment for use in its first operational earth station for the SatStream small-dish satellite equipment.

The order, won by the Microwave Division of Ferranti Electronics Limited, is worth £1.5 million. It gives British Telecom an interface with both the Intelsat and Eutelsat systems.

The British Telecom International SatStream service will offer private digital communications to businesses across Western Europe using the Sultanate of Oman for PACER MARK 2 muzzie velocity measuring equipment. This order, the first since the equipment's launch earlier this year, follows a successful series of tests in several countries. Used with guns of 70mm calibre or larger, PACER MARK 2 is fully automatic and provides instantaneous measurement of muzzle velocities, within the range 100 m/s to 1,400 m/s, accurate to within 0.1%.

Briefly...

Ferranti Computer Systems Limited, Cheshire Heath Division has signed an agreement with Advance Technology (UK) Limited to produce the new Advance 86 micro-computer.

A MIL-STD-1553B/VAX Interface has been developed by Ferranti Computer Systems, Bracknell Division, enabling pre-delivery testing and integration of 1553B-based systems and modules.

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ELECTRONICS

Automated chips

Ferranti Electronics Limited has announced its silicon compiler based design system which the company believes places it at the forefront in automating the design of integrated circuits. The Ferranti Silicon Design System provides powerful new design software, a VAX 11/730 based design station and a completely new range of automatable ULAs (Uncommitted Logic Arrays) whose highly structured architecture has been developed hand in hand in the automatable software.

Secondly, the system allows

DEFENCE

First round success

Ferranti Computer Systems Limited, Cheshire Heath Division, has received an order from the Sultanate of Oman for PACER MARK 2 muzzie velocity measuring equipment. This order, the first since the equipment's launch earlier this year, follows a successful series of tests in several countries. Used with guns of 70mm calibre or larger, PACER MARK 2 is fully automatic and provides instantaneous measurement of muzzle velocities, within the range 100 m/s to 1,400 m/s, accurate to within 0.1%.

The new equipment is smaller, lighter, more versatile and cheaper than the equipment it replaces - the well established PACER MARK 1. It can be mounted on the gun or function as a free-standing unit.

The good news is **FERRANTI** Selling technology

World Weather

Area	C	F	Area	C	F	Area	C	F	Area	C	F
Amsterdam	17	63	London	14	57	Madrid	9	48	Stockholm	5	41
Antwerp	20	68	Paris	18	64	Moscow	1	34	Warsaw	8	46
Berlin	10	50	Prague	12	54	St. Petersburg	-1	30	Zurich	1	34
Bombay	28	82	Frankfurt	12	54	Vienna	5	41			
Buenos Aires	28	82	Hamburg	12	54	Winnipeg	-1	30			
Calcutta	28	82	Kiel	12	54						
Canton	28	82	Lisbon	12	54						
Cebu	28	82	Madrid	9	48						
Colon	28	82	Moscow	1	34						
Hankow	28	82	Prague	12	54						
Hong Kong	28	82	St. Petersburg	-1	30						
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Yokohama	28	82									

Argentine loan plea

Continued from Page 1

ment of its \$1.5bn loan agreed earlier this year "continues to merit support," the text said.

Such a drawing can go ahead only if all creditor banks agree. Some bankers were worried yesterday that the drawing to be made on November 30.

If so, it would have to be postponed for a third time, though there was still "an outside chance of it going through," one banker in Europe said yesterday.

Mr Grinspun hinted that the new radical Government which takes office on December 10 would aim for

a major new rescheduling package. Formal negotiations with the International Monetary Fund would start "within days" of it being sworn in.

Mr Grinspun said, however, that he would not interfere with the signing of rescheduling agreements worked out by the outgoing administration. "This is the total responsibility of the military Government," he said.

New estimates suggest that Argentina faces repayment of principal totalling \$14bn on its \$40bn foreign debt next year. Interest payments will come to \$5bn, said Mr Grinspun.

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SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Friday November 25 1983

IVECO
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Chrysler considers link with Mitsubishi

By Terry Dodsworth in New York

CHRYSLER has indicated that it is considering several manufacturing alternatives, including a link with Mitsubishi, to cope with the new competition which will emerge if General Motors is given the go-ahead for a joint venture with Toyota of Japan.

According to reports in Detroit, Chrysler is considering four different possible deals with Mitsubishi, one of which would be to produce 240,000 Japanese designed subcompact cars a year in the U.S. Mitsubishi currently makes the Dodge Colt model in Japan for the U.S. company, and it is thought that one plan being considered is to transfer this production to the U.S.

Chrysler appears deliberately to have leaked news of its talks to put maximum pressure on the Federal Trade Commission which is now examining the GM-Toyota joint venture. Under this manufacturing project, GM is planning to open a plant in California to make small cars designed by the Japanese company, thus bringing together the two largest motor groups in their respective markets.

Both Chrysler and Ford have warned that this project would have a disastrous impact on their own ability to compete, while destroying the entire U.S. industry in the small car market.

GM has responded that collaboration will help it to develop its own resources in small cars. Chrysler, however, has consistently rejected this argument, and its latest comments on its talks with Mitsubishi follow similar discussions with Volkswagen and seem designed to bring home to the U.S. administration the fear that the U.S. could lose out completely in this market.

Pfaff profits and sales up

By Our Financial Staff

PFUFF, the West German sewing machine manufacturer, has increased sales and profits in the first nine months of this year.

The company, based in Kaiserslautern, has lifted sales by 10 per cent to DM 574m (\$212m), with more than two-thirds of revenue coming from abroad.

Industrial and household sewing machines each gained 10 per cent more revenue - industrial equipment sales reaching DM 381m and household machines DM 193m.

Pfaff gave no profit figures, but said results were better than in the same period last year, even though some foreign business was hit by exchange rate problems.

Canadian recovery begins to lose momentum

BY NICHOLAS HIRST IN TORONTO

CANADA'S profits recovery, fuelled by falling interest rates, improved balance sheets and higher consumer spending, slipped back into a lower gear in the third quarter as the pace of economic growth slackened.

Companies notched up aggregate after-tax gains of 80 per cent or more over the trough of the business cycle which occurred during the corresponding period last year, analysts' surveys show.

But growth between successive quarters has slowed sharply. With the majority of companies having reported, Wood Gundy, the Toronto stockbroker, estimates the profits pick-up over the second quarter at only 2 per cent.

"The big rise is already behind us," said Dr John Grant, Wood Gundy's chief economist.

The pace of economic recovery has slackened. During the first half of 1983, gross national product (GNP) grew at an annual rate of close to 7½ per cent, but is expected to slip back to 5½ per cent in the second half and to 4½-5 per cent in the first six months of next year, slowing further in the second half of 1984 to a more sustainable 3½ per cent.

Profits recovery is still expected to be significant. Analysts have revised their best estimates, both for 1983 and 1984, but the outcome should be gains of 50 per cent and more for this year and 25 per cent

and above for the following year. Profits at the moment, however, account for only 8 per cent of GNP, and it could take until early 1985 before they return to the historical average of slightly more than 11 per cent.

By the end of the third quarter, companies had gone to the market for more than C\$3bn (U.S.\$4bn) of equity, passing the previous annual high of C\$3.1bn in 1981. But corporate debt remains historically high and the need to repair liquidity ratios will continue to be a depressing factor on capital spending through 1984.

For the important resources sector, however, it will not be corporate spending at home which will increase its profits but a continued recovery in the U.S. and, for the metals and mining sector in particular, a pick up in Europe and Japan.

It is the poor performance of the metals sector, and to a lesser extent the pulp and paper industry, which have led analysts to trim back their earlier higher aggregate profit projections.

Having improved from their worst levels of a year ago, metals prices have either stopped advancing or have stuck at prices below profitable production. "We had a rebound and came back to square one in most metals, which is unusual," said Mr Paul Roberts, mining analyst with Toronto stockbroker, Merrill Lynch Canada.



Within that general picture there are exceptions. Aluminium, buoyed by a rise in consumer demand, has risen to 76 cents a pound from 46 cents a year ago. Alcan, the Montreal-based producer, reported third-quarter profits of U.S.\$27m, a turnaround of U.S.\$42m from the corresponding quarter.

Nickel is past its worst, but has come back from its best levels to around U.S.\$2.15 a pound, leaving Inco and Falconbridge, the two large Canadian producers, still making losses. The metals and mining Inco, which has gone to the mar-

ket three times for new money, has reduced losses at the pre-tax level quarter by quarter this year, but income tax relating to earlier years pushed third-quarter net losses to U.S.\$72.1m compared with U.S.\$66.4m in the corresponding period.

Noranda, affected by depressed copper prices, zinc, which is off the bottom, and forest products, also failed to make profits in the third quarter, with a loss of C\$7.3m, but that compared with a loss of C\$30.6m. The metals and mining sector as a whole is in loss and

looks unlikely to turn round until the second quarter of 1984.

An upturn in U.S. housing starts pushed Dometic Weldwood back into profit, but the big newspaper producers, Abitibi-Price and Consolidated-Bathurst, are still operating well below capacity and reported lower third-quarter profits. Abitibi was down 12 per cent on the corresponding period at C\$7.1m and Consolidated-Bathurst 20 per cent lower at C\$7.5m.

The oil and gas sector has rebounded from its low point on the increased oil production in the west, and improved refining and marketing margins, although gas sales remain depressed.

The industry has mothballed some 20 per cent of its refining capacity in 1983, and capital spending has been sharply curtailed. The fall in interest rates is most noticeable in the results of the trust companies, whose main business is fixed term mortgage lending.

Industrials and consumer products groups benefited from falling interest rates, better consumer demand and improved cost control. Massey-Ferguson, having completed its second financial restructuring, sharply reduced third-quarter losses to U.S.\$11m from U.S.\$67m a year before.

Rising automobile sales and a shift to the larger Canadian-produced cars pushed Ford Canada's third-quarter profits up to C\$40.1m

Superior moves to block bid threat

BY OUR FINANCIAL STAFF

SUPERIOR OIL, the big U.S. independent oil company, has moved to defend itself against a possible takeover by declaring a dividend of new convertible preferred stock.

The move, along with the hiring of Morgan Stanley as the company's investment adviser, follows this week's revelation by Mr Howard Keck, the biggest shareholder, that he was looking for buyers for his 11.4 per cent stake, worth more than \$500m, and the stock he controls through trusts.

Mr Keck said in a filing with the securities and exchange commis-

sion that the value of his shares may be increased if the sale was accomplished as part of an overall takeover.

Now Superior's board has declared a stock dividend equivalent to 1/4 of a share of new convertible preferred stock for each common share held. It was designed to ensure that shareholders receive fair treatment in the event of a takeover of Superior.

The company said it continued to believe that the "long-term interest of the Superior shareholders will be best served by Superior remaining an independent company."

Dutch paper group recovers

BY WALTER ELLIS IN AMSTERDAM

BÜHRMANN-TETTERODE, the Dutch paper and printing machinery group, has continued its recovery this year with third quarter earnings of just under F1 22m (\$726,000) on sales of F1 654m.

Over the first nine months of the year, net profit at F1 6.6m was 88 per cent up on the same period of

1982 while sales were 2.8 per cent ahead at F1 2bn.

At the same time, the gross operating result for the nine months was nearly 8 per cent down, at F1 78m. Only a 26 per cent drop in interest repayments permitted the pre-tax result to rise by 65 per cent to F1 25m.

Poclain seeks new credits

By David Marsh in Paris

POCLAIN, the troubled French excavator manufacturer which has already this year been the object of a major financial rescue package, has started talks with the French Government and banks to try to agree fresh credits.

Poclain is thought to be seeking several hundred million francs of new money to back the company's new strategy of continuing work-force cuts and investing in key product areas.

After reducing its staff by around 1,200 over the past two years to roughly 6,000, Poclain is planning a further 600 job cuts.

This year's rescue plan, involving a total of FF 680m (\$82.9m) in capital injections from banks and shareholders, including a capital increase, fresh credits and debt restructuring, was agreed on the basis of Poclain returning to break even by the end of the year.

In fact, faced with a further slump in excavator demand and increased competition from Japanese manufacturers, Poclain will probably lose at least FF 180m to FF 180m after a loss of FF 233m

Asea profits jump by 92%

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

ASEA, the Swedish electrical engineering and electronics group, nearly doubled its profits in the first nine months of the year, helped by a far-reaching restructuring of its operations.

Profits before tax, allocations and extraordinary items, jumped by 92.3 per cent to SKr 1.35bn (\$170m) compared with SKr 701m in the corresponding period last year.

Group profitability has been helped

in particular by the strong performance of the power transmission and transport equipment divisions and earnings from power generation equipment have also improved sharply.

Sales rose by 17 per cent in the first nine months of the year to SKr 26.7bn from SKr 22.9bn a year earlier, and the company had an order book worth SKr 31.8bn at the end of September.

In an interim report to shareholders, Asea said yesterday that new orders rose by 11.1 per cent in the first nine months to SKr 20.2bn.

New orders from Western Europe rose by 30 per cent and orders from the U.S. jumped by 50 per cent.

For the first nine months, Asea increased its earnings per share to SKr 17.30 from SKr 8.40 a year earlier.

BBL lifts earnings and payout in year

By Paul Cheeseright in Brussels

BANQUE Bruxelles Lambert (BBL), the second largest Belgian bank, is paying out 21.3 per cent more in dividends for its financial year just ended on the back of a 17.6 per cent increase in net profits to BFr 1,077bn (\$394m).

The high level of dividend payments arises from an increase in the bank's equity capital during the year to September and the fact that withholding tax on dividends is being raised next year from 20 to 25 per cent.

BBL is in effect absorbing this increase to permit holders of the old shares to receive a net dividend of BFr 90 compared with an adjusted BFr 84.4 for 1981-82.

Holders of new shares, benefiting from tax concessions offered by the Government to encourage capital raising, will pay tax at the former rate of 20 per cent and will receive dividends for the second half. This has been set at BFr 48 net.

Total cost to BBL of this level of dividend payments is BFr 741.5m, or 21.3 per cent more than was paid out for the 1981-82 year.

In 1982-83, BBL further strengthened its position. Profits have recovered steadily since 1979-80 when the dividend was passed and the way opened up for a takeover of Groupe Bruxelles Lambert, then the holder of 45.8 per cent of BBL.

This stake has been wound down to 9 per cent. BBL's equity base has been strengthened by a share issue. That and the addition of subordinated loans has taken the bank's capital, reserves and subordinated loans to BFr 26.56 against BFr 19.72bn.

Consolidated profits before tax and depreciation in the year to last September were BFr 7.36bn, or 23.7 per cent higher.

But the figures are not strictly comparable.

FRENCH GROUP RULES OUT SALES OF NEW MODEL TO NORTH AMERICA

Renault gets R25 into gear

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

RENAULT has finally decided not to sell its new top-of-the-range car, the R25, in North America.

The state-owned French group, which gives the first official details of the R25 today, has spent well over FF 1bn (\$124m) on the new car which replaces the R20 and R30 models and gives the group much more competitive power in its battle with other volume manufacturers' up-market cars.

Renault believes the R25 will take sales from cars such as Ford's Granada, General Motors' Opel Senator, the Peugeot 804, the Citroen CX, the Audi 100 and the BL's Rover saloons.

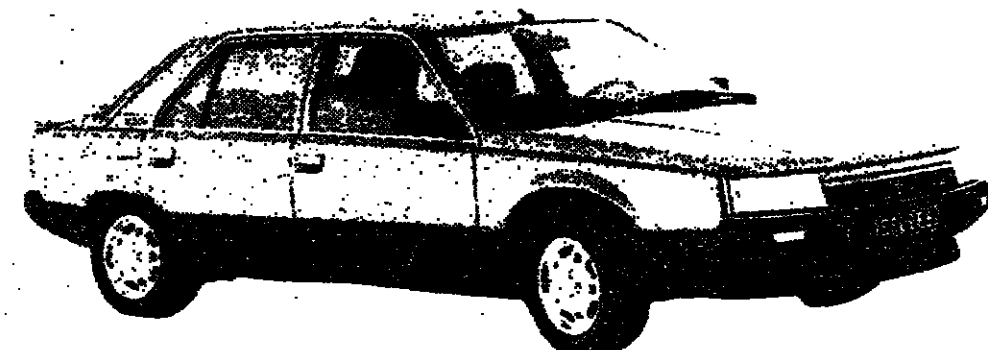
Realistically, Renault does not believe it can capture many sales from the specialist groups, such as Mercedes or BMW. It comforts itself, however, with the results of its survey, showing that in most of the major European markets customers are shifting significantly away from "status symbol" models.

R25 production will begin at Renault's Sandouville plant near Le Havre, next month. The car will be launched next March in France, West Germany and the Benelux countries. Britain gets the car in June.

The output target is around 600 R25s a day, roughly 200,000 a year, compared with the peak of 400 a day reached in combined production of R20 and R30 models in the mid-1970s.

Recently, output of R20s and R30s has been well below that level and the last models to be produced came off the line two weeks ago.

Renault has been under considerable pressure from its U.S. associate, American Motors (AMC), in which it has a 46 per cent shareholding, to provide a bigger car to follow the successful launches of



Renault 25 - due for launch in Europe next March

the R9 and R11 models, sold in North America as the Alliance and the Encore.

AMC is producing Alliance and Encore cars at its Kenosha plant at the combined rate of 1,100 a day, compared with the original expectations of 800 a day.

Renault does not want to disturb this success and judges that the time is not ripe to move into a high-priced segment of the North American car market with the R25.

The Alliance and the Encore are among the least expensive cars available in the U.S. and AMC and Renault have been using low price as a major part of their marketing campaign.

The French group believes sales of the R25 in North America would be too low to make assembly there worthwhile, even though the car was designed with the U.S. and Canadian markets in mind as well as Europe.

In addition, Renault does not feel that exports from France to North America would be warranted, and

executives point to the low sales of its French rival, Peugeot, which had only 14,900 registrations in the U.S. last year.

So Renault's next model to be assembled in the U.S. as well as Europe will be the replacement for the R18 medium-sized saloon.

Replacement of the R18 is not scheduled until 1986, but sales of the model in Europe have dropped sharply in recent months, and Renault is believed to be pulling forward the whole of its car replacement programme. The R18, therefore, could well be replaced in the autumn of 1985.

Much will depend on the French Government's willingness to provide financial support for the speeded-up new model programme. Renault has asked for another FF 1bn towards its FF 9bn 1984 investment programme. The group received FF 1bn towards its 1983 spending of FF 9.5bn.

Renault chose to replace the R20 and R30 models before the R18 and its best-selling R5 (due to be super-

sed in 1985) because its share of the European up-market car sector, totalling around 5m units a year, has dropped sharply.

Five years ago one in 10 Renault customers bought an up-market model. Now only one in 20 does so. There is also much greater profit potential in top of the range models.

Renault, however, acknowledges that customers look for much higher quality in up-market models and for this reason has introduced an unorthodox training programme for employees at Sandouville.

Renault has made it clear that Sandouville will be responsible for the quality of the R25 - a quality which will set the tone for the rest of the range and help build a better overall image for the group. So the Sandouville employees have been involved right from the design stage.

Renault has achieved a Cd or drag co-efficient of 0.28, allowing the R25 to take on the Audi 100's mantle as the most aerodynamic production car.



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Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS ENDED SEPTEMBER 30 1983

The following are the unaudited financial results of the Corporation and its subsidiaries for the six months ended September 30 1983 together with the corresponding figures for the six months ended September 30 1982 and the year ended March 31 1983

	Six months ended 1983 R million	Six months ended 1982 R million	Year ended 1983 R million
Dividends from associated companies	155.9	132.1	316.6
Dividends from general investments	69.7	47.7	133.6
Interest earned and fee income less expenses	96.5	93.9	217.7
Trading profits	140.0	136.9	262.0
Surplus on realisation of investments	3.5	14.9	23.4
Surplus from life assurance	6.0	4.5	10.3
Income from subsidiaries not consolidated	—	2.1	2.1
	471.6	432.0	964.7
Interest paid	95.5	88.1	187.5
Costs of prospecting	26.5	21.1	39.5
	122.0	109.2	227.0
Profit before taxation	349.6	322.8	737.7
Taxation	59.4	57.9	121.3
Profit after taxation	290.2	264.9	616.4
Outside shareholders' interest	46.6	48.1	105.1
Preferred stock and preference share dividends	2.2	2.2	4.5
	48.8	50.3	109.6
Group attributable profit—before share of retained profits of associated companies	241.4	214.6	506.8
Share of retained profits of associated companies	89.1	94.8	137.7
Profit before extraordinary items	330.5	309.4	644.5
Extraordinary items	9.0	(4.1)	(14.1)
	339.5	305.3	630.4
Ordinary dividends	260.0	225.9	380.7
Number of ordinary shares in issue at end of period	227 113 615	226 906 134	226 986 181
Earnings per ordinary share—cents			
Excluding share of retained profits of associates	106.3	94.6	223.3
Including share of retained profits of associates	145.5	136.3	283.9
Dividends per share—cents			
Interim	35.0	35.0	35.0
Final	—	—	75.0

Notes:

- Further issues of shares between September 30 1983 and November 24 1983 being the date of declaration of interim dividend No. 95, resulted in a total of 227 185 676 shares qualifying for payment of the dividend.
- Particulars of the Group's interests in listed associated companies and general investments are as follows:

	At 30.9.83 R million	At 30.9.82 R million	At 31.3.83 R million
Associated companies			
Market value	6 217.9	4 390.1	5 780.8
Carrying value	2 624.6	2 134.4	2 495.6
	3 593.3	2 255.7	3 285.0
General investments			
Market value	1 691.9	1 319.1	1 543.0
Book cost	1 224.4	200.5	209.2
	1 468.5	1 118.6	1 333.8
Appreciation	5 066.8	3 374.3	4 615.8
Outside shareholders' interest therein	472.0	270.8	455.5
	4 594.8	3 105.5	4 165.3
3. Net asset value per ordinary share (after providing for dividend) based on the market value of listed investments at September 30 1983 and the directors' valuation of unlisted investments at March 31 1983—cents	3 623	2 582	3 321

COMMENTARY

Profit attributable to ordinary shareholders for the six months ended September 30 1983 on an equity accounted basis was R330.5 million (145.5 cents per share) representing an increase of 6.8 per cent compared with the corresponding six months of 1982. Excluding the share of retained profits of associated companies, which is transferred to non-distributable reserves, attributable profit rose by 12.5 per cent to R241.4 million (106.3 cents per share).

The increased dividend income from associated companies and from general investments was largely attributable to higher receipts from gold investments. In addition two dividends were received from Rustenburg Platinum Holdings Limited, consequent upon the change in its financial year. Trading profits were slightly higher, the decline in Anglo American Coal Corporation Limited's profits being largely offset by increased earnings from Anglo American Properties Limited. The increase in costs of prospecting reflects the higher level of expenditure on gold during the current financial year. The share of retained profits of associates is lower than last year and includes the Corporation's share, both direct and via its associate, of the losses being incurred by Sigma Motor Corporation (Pty.) Limited.

For and on behalf of the Board
G. W. H. Rely Directors
J. Ogilvie Thompson

DIVIDEND NO. 95 ON THE ORDINARY SHARES

On November 24 1983 an interim dividend (No. 95) of 35 cents per share in respect of the year ending March 31 1984 was declared payable on January 13 1984 to ordinary shareholders registered in the books of the Corporation at the close of business on December 9 1983 and to persons presenting coupon No. 100 detached from share warrants to bearer. A notice regarding payment of this dividend to holders of share warrants to bearer will be published in the Press by the London Secretary on or about December 2 1983.

The ordinary share transfer registers and the ordinary section of the register of members will be closed from December 10 to 23 1983, both days inclusive, and warrants will be posted from the Johannesburg and the United Kingdom offices of the transfer secretaries on or about January 12 1984. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on December 12 1983 of the rand value of their dividends (less appropriate taxes). Any such shareholder may, however, elect to be paid in South African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before December 9 1983.

The effective rate of non-resident shareholders' tax is 13.6137 per cent. The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries. Consolidated Share Registrars Limited, 1st Floor, Eldon, 40 Commissioner Street, Johannesburg 2001 (P.O. Box 61061, Marshalltown 2107) and Charter Consolidated P.L.C., P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

By order of the board
C. L. MALTBY
Secretary

Head Office:
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November 25 1983

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Westpac buys control of bullion dealer

By Michael Thompson-Noel in Sydney

WESTPAC Banking Corporation, Australia's biggest private trading bank, has acquired a 75 per cent interest in the Sydney-based bullion dealer, Mast Metals, which will be known as Mast-Westpac.

Mr Bob White, Westpac's chief general manager, said the A\$5.25m (U.S.\$4.8m) acquisition was a natural extension of Westpac's involvement in foreign exchange and money markets, and claimed it would enable the bank to participate in "Australia's development as a major bullion dealing centre."

Mr Warren Magi, who holds part of the remaining 25 per cent of Mast-Westpac and will be its managing director, said Westpac's backing should enable the new concern to join the top "two dozen" world bullion houses.

He said Eastern Australia was in a time zone which allowed trading to start when New York was just finishing, and finish when London was opening.

The Australian Government last night announced a Treasury bond tender of A\$1.2bn (U.S.\$1.1bn), its last for the year, taking total 1983-84 bond raisings to A\$6.1bn. Australian savings bonds have brought in a further A\$1.2bn. The latest tender offers interest rates of 0.5 per cent to 1 per cent lower than the previous tender last month.

Rates ranged from 11.5 per cent (12.5 per cent at the previous offer) to 13.5 per cent (14 per cent previously). Another tender is expected early in January.

Profits fall at Metal Box South Africa

By Our Johannesburg Correspondent

LOWER beverage can volume sales and continuing losses by a copycat subsidiary combined to reduce the profits of Metal Box South Africa in the six months ended September 30.

Although turnover rose by 7.5 per cent to R249.5m (R207.9m) in 1983-84 during the six months, operating profit before interest and tax fell by 8.9 per cent, to R15.5m from R17.7m. In the year to March 31, 1983 turnover was R492.7m and operating profit was R43.5m.

Metal Box is finalising the merger of its operations with the packaging interests of the Barlow Rand subsidiary, Nampak. The merger, which broadens Metal Box's spread of packaging interests, also reduced the interest of Metal Box UK in South Africa. It has retained a 25 per cent interest in the enlarged Metal Box South Africa, but repatriated to Britain R67m in cash as part of the deal.

A dividend of 17 cents has been declared from earnings of 27 cents during the six months. The corresponding period of 1982 resulted in first-half earnings of 30 cents a share and an interim dividend of 17 cents.

U.S. QUARTERLIES

DOMESTIC CANADA		
	1983	1982
Third quarter		
Revenue	22.9m	31.8m
Net profit	11.2m	13.2m
Net per share	6.15	6.15
Six months		
Revenue	56.9m	79.9m
Net profit	30.1m	42.5m
Net per share	0.34	0.49

GLOBAL NATURAL RESOURCES		
	1983	1982
Third quarter		
Revenue	12.6m	4.5m
Net profit	10.9m	11.1m
Net per share	10.02	10.51
Six months		
Revenue	36.9m	26.0m
Net profit	1.42m	114.0m
Net per share	0.05	10.65
Loss		

HOUSTON INDUSTRIES		
	1983-83	1981-82
Fourth quarter		
Revenue	1.15m	1.12m
Net profit	137.6m	115.2m
Net per share	1.50	1.46
Year		
Revenue	3.94m	3.77m
Net profit	127.0m	200.2m
Net per share	1.58	3.75

OUTBOARD MARINE		
	1983-83	1981-82
Fourth quarter		
Revenue	215.2m	201.2m
Net profit	8.49m	8.25m
Net per share	1.08	0.78
Year		
Revenue	788.5m	778m
Net profit	33.27m	31.88m
Net per share	4.51	4.53

TORONTO SUN PUBLISHING		
	1983-84	1982-83
Second quarter		
Revenue	30.5m	27.5m
Net profit	2.06m	1.65m
Net per share	0.25	0.29
Six months		
Revenue	59.4m	55.1m
Net profit	4.06m	2.41m
Net per share	0.49	0.29

ZAYRE		
	1983	1982
Third quarter		
Revenue	609.6m	555.8m
Net profit	17.55m	11.79m
Net per share	1.02	0.76
Six months		
Revenue	1,782m	1,478m
Net profit	33.12m	16.38m
Net per share	1.92	1.17

INTL. COMPANIES & FINANCE

Chilling lesson for UAE bankers

THE EVENTS which have shaken Union Bank of the Middle East in the last week have come as no surprise to local bankers and traders in Dubai and the Emirates. It had been long expected that not only this bank, but perhaps several others would face difficulties in complying with the recent central bank regulations concerning loans to directors.

The origins of the current problems in the UAE banking sector go back to the mid-seventies when the Currency Board, the forerunner to the central bank, harboured ambitions for the country becoming a regional financial centre. Foreign bankers eagerly took up the invitation to enter the world's fastest growing market, and for the local merchants, it became almost fashionable to set up one's own bank.

The net result of this bank licensing frenzy is a country of 1.25m people with 51 banks. Of the 23 local banks, more than half are effectively owned by one merchant family, members of the ruling families or even single individuals.

Even in the boom days which local businessmen now rue with nostalgia, competition among the banks was heated. Now, with a downturn in trading and cuts in government expenditure, it has become a time of nervous finger pointing. Many of the family banks were established by merchants and their associates to fund property development and construction activities generated during the boom. Now, with the recession, they have had difficulties in diversifying away from those activities.

The family dominated banks are not the only ones to be enmeshed in the banking crisis. Many of the late entrants to the banking scene found themselves dealing with the tail end of the loan market and paying over the market rates for customer deposits.

There is still a difference of up to 3 per cent between the interest rate paid on customer deposits by well established banks and those paid by banks fighting for funds.

The central bank expressed concern over the low capitalisation of many of the new and family banks, and their ability to weather the storms generated by sluggish trading conditions. It acted by setting a minimum of \$10.8m as a capital base and by requiring banks to lend no

more than 5 per cent of their capital and reserves to directors.

But in the past 18 months, the situation has been exacerbated by delays in payments from the Federal Government. Many local contractors have looked to their banks for assistance during this time, and this is adding considerably to the strain placed on the banking system generally. This problem was the subject of a recent conference held by the Federal Chamber of Commerce with representatives of all the banks. The merchants requested the banks to be more patient in their demands on local companies; too many were resorting to legal action and other penal measures against their customers, they argued.

But it was around the family banks that concern focused particularly by the foreign institutions. A number of the larger local and foreign banks in the

UAE say they have unofficial lists of banks with which they would, diplomatically, decline to do business. As one Bahrain-based banker commented: "You don't know whether you're doing business with the bank or the man."

Mr Ahmed al Tayer, UAE Minister of State for Financial Affairs, says that the Union Bank of the Middle East was the only bank which could not comply with the central bank's regulations on directors' loans.

The problems of Union Bank of the Middle East and its former chairman, Mr Abdul Wahab Galadari, have arisen both from recession and a change in policy on the part of the authorities. As a result, the independence of the merchant community appears threatened, Kathy Evans reports from Dubai

"We have long advised the families to be more conservative, and they have all corrected their positions concerning their banks," he said. The Government has, however, a long-term policy of cutting the number of banks in the country back to such numbers as exist in Saudi Arabia and Kuwait, where the banking system is dominated by a small number of very solid local banks. Restrictions have already been placed on foreign banks as regards branches, and now, Mr al Tayer says, he wants to see the number of local banks cut to eight or 10.

The central bank has long been encouraging small local banks to merge or for the larger units to take them over. Cutting the number by half will be a very difficult task, given the individualistic nature of the merchant community. An additional problem is that

each of the seven emirates of the Federation has its own national bank, even Umm Al Quwain, whose population is only 12,000. Getting the rulers to agree to merge their national banks with those of other emirates will be a virtually impossible task. Thus, if the central bank and the UAE Government are to succeed in cutting the number of local banks back to 10, then the privately-owned banks will have to be cut to a fraction of their present number.

Mr al Tayer says that despite the lack of success so far in persuading the merchants to merge their banks, the Government is still hoping not to have to force them. "We first want to sell them the idea, point out how much stronger they will be as regards capital, reserves and how much they will save in management costs." Nevertheless, if such tactics do not work, the Government appears willing to adopt more forceful measures.

"Times are changing, we hope the merchants will not stick to their old attitudes. We want to see some jumbo-sized banks and we will give them time to absorb the idea," Mr al Tayer declared. Ultimately, he wants to see local banks quoted on the proposed new stock exchange, thus spreading and diluting ownership away from the families even further.

One chilling lesson which might convince the local merchants of the benefits of mergers is the current situation of Mr Abdul Wahab Galadari, the former chairman of Union Bank of the Middle East. He has had all his local assets put under attachment by the new board of directors. The move marks the first direct intervention of the Government into merchant affairs, and that will certainly not go unnoticed among members of the local business community.

Mitsubishi and Mitsui hit by recession

BY YOKO SHIBATA IN TOKYO

TWO of Japan's largest trading houses, Mitsubishi Corporation and Mitsui Bussan Kaisha, experienced falls in both sales and earnings in the first half ended September 30.

Japanese trading houses have all been affected by recession because they are heavily dependent on transactions in basic materials such as iron and steel, petrochemicals, non-ferrous metals, grains and oils—all of which were depressed. Their overseas expansion was also somewhat confined during the past half year, owing to the credit crisis in Latin America and Eastern Europe.

As a result, the trading houses or placing more emphasis on intermediary trade or trade in technologically advanced goods, such as biotechnologies and information

systems, or service areas such as leasing and factoring. However, these areas will take a long time before they begin to contribute significantly to earnings.

In view of slower business activities, particularly in the home market, the trading houses are carrying out rationalisation measures, such as sharply reducing borrowings.

Mitsubishi Corporation, Japan's largest general trading house, saw its parent company turnover fall by 2.5 per cent to ¥7,190bn (US\$35.5bn). Pre-tax profits rose by 3 per cent to ¥19,66bn but net profits fell by 9 per cent to ¥9,54bn.

The sales setbacks were attributed to lower domestic demand, down by 4.9 per cent to account for 36.8 per cent of turnover. Export transactions

were also 5.3 per cent lower, at 13.2 per cent of the total, hit hard by lower exports of plant and steel products. Imports, accounting for 34.3 per cent of the total, fell by 2.5 per cent.

Intermediary trade, or off-shore transactions, alone fared well, up by 13.6 per cent to account for 10.7 per cent of turnover.

In the current half year, ending March 1984, Mitsubishi expects recoveries in demand for non-ferrous metals and foods, as well as a general upturn in the domestic economy. For the year both pre-tax and net profits are expected to recover to the previous year's level, to reach ¥42.9bn and ¥18.2bn respectively. Sales of ¥14,700bn, slightly below the previous year's level, are forecast. Mitsui and Company's half-

year unconsolidated sales fell by 4.2 per cent to ¥3,768bn. Pre-tax profits tumbled by 59.3 per cent to ¥13,76m and net profits were down sharply by 27.5 per cent to ¥5,066m.

Its sales of steel fell by 20 per cent to account for 15.4 per cent of the total. Sales in the machinery sector dropped by 16 per cent to account for 15.7 per cent of the total, following a slump in plant exports. However, sales in the oil and gas sector rose well by 11.9 per cent to 20.8 per cent of turnover.

In the current half year, ending March 1984, a strong recovery in demand for steel is not expected but higher transactions in oil, chemical goods and foods are. Mitsui's full year sales are projected at ¥13,500bn, down by 2.5 per cent from the previous year.

This advertisement complies with the requirements of the Council of The Stock Exchange in London

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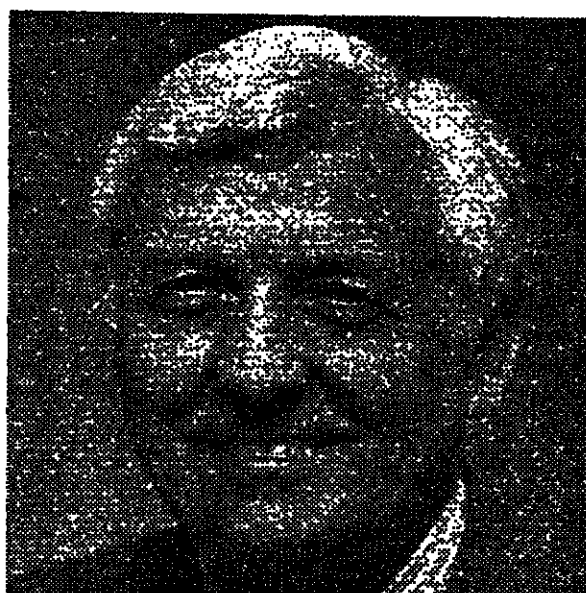
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November 25, 1983

ADVERTISEMENT

**'ALLEGHENY INTERNATIONAL INCORPORATED,**

the Chairman Mr. Robert J. Buckley, and all its people around the world extend their congratulations to Gravinor and Pains Wessex on the occasion of their 50th Anniversary, and are proud to be associated with these leading technology businesses.



Mr. Christopher Lewinton

Christopher Lewinton, Chairman of Allegheny International's International Group and Executive Vice President of the parent company had this message for Sir Ronald Ellis, the Chairman of both companies.

A message from Sir Ronald Ellis

To be Chairman of two years standing of two companies that have been active in their fields for over fifty years brings home the contributions made by so many people to enterprises of this kind.

Despite industrial development and enormous technological change over the last fifty years both Gravinor and Pains Wessex have succeeded in keeping ahead of the game. Their products are not only known the world over but they are recognised as leaders in research and development in

their particular fields.

Our major operation for the future is to grow these companies substantially in both size and ability.

The demands for absolute safety are today greater than they have ever been and some of the challenges which face both companies will produce in them new ideas, new devices and new technologies which will maintain them in their present position as world leaders in their fields.

GRAVINER

**PAINS-WESSEX
SCHERTMULY**



Sir Ronald Ellis

Fifty years of fire protection and safety

FIRE IS ONE of man's greatest blessings, giving the warmth and light that is necessary for life itself. But it is also one of his greatest hazards, with a destructive capability second to none if allowed to get out of control. Since man first began to use fire, he has been obliged also to learn how to control it. With today's rapidly accelerating pace

of technology across a wide range of products and industries, both civil and military, the potential hazards of fire and explosion have increased dramatically.

This in turn is generating a constant demand for ever-improving methods not only of suppression once fire and/or explosion have occurred but also, more significantly, of detecting the imminence of such

hazards so that high-speed preventive measures can be initiated. Of equal significance, however, is the ability to use fire and explosion under controlled conditions so as to employ them in a wide variety of ways for the benefit of mankind, such as illumination and signalling.

It is in this broad arena that two companies celebrating their fiftieth anniversaries this year, Gravinor of Colnbrook and

Pains-Wessex of High Post, near Salisbury, have developed multi-million pound international businesses that are constantly growing today.

Both companies are part of the International Industrial Group of the U.S. Industrial and Consumer Products conglomerate, Allegheny International, based in Pittsburgh. Allegheny's annual turnover is close to \$3 billion. The Industrial Group, including Gravinor and

Pains-Wessex, has a turnover of close to \$50 million annually, of which close to 60 per cent is in exports. Gravinor and Pains-Wessex, in addition to their own expertise, can draw on that of other companies involved in safety and protection in the Allegheny International Group.

These include Deugra in West Germany, and HTL Industries and Kilgore Corporation, both in the U.S., where they help to spread the

technology in that very large market. While Gravinor is primarily involved in the prevention, detection and suppression of fire and/or explosion, Pains-Wessex is primarily a specialist in the pyrotechnic business, supplying illumination and signalling aids, rocket line-throwers, distress signals and coloured smoke for life-saving and other purposes, while it is also active

across a wide range of other products in which fire and explosion can be employed in a controlled manner for many purposes.

Both Gravinor and Pains-Wessex each employ about 500 personnel, and are both unique in their fields. Many thousands of lives and many millions of pounds of capital equipment have been saved as a result of the activities of both Gravinor and Pains-Wessex in the Allegheny International Group.

It is fair to claim that both companies are unique in the world in both the extent of their knowledge of the chemistry, physics and technology of combustion, and the diversity of their resulting products.

The following articles illustrate the wide range of the Gravinor and Pains-Wessex activities.

The evolution of an idea

LIKE MANY of Britain's major industrial companies, Gravinor was conceived from a single, even simple, idea. The Gravinor Manufacturing Company was founded on November 29, 1933, with an issued capital of £1,000, by Anders Mathisen, a Danish engineer who had set up his own patents agency, and a retired Indian Naval Captain, Hubert MacKenzie Salmond.

Their aim was to produce and market a gravity inertia switch, invented by Salmond, and aimed at preventing fires in motor cars by closing off electrical contacts so as to isolate the ignition and lighting circuits in the event of a crash. Salmond had thought up the idea following the loss of a friend who had burned to death in a car accident. Mathisen first met Salmond when the latter wanted his product patented. They worked on the idea together, and their enthusiasm for the commercial prospects it offered led them to form their company.

The name "Gravinor" was derived from the first four letters of the words "gravity" and "inertia", and it quickly became the company's Registered Trade Mark, still in use world-wide today.

The ensuing years were highly active. The gravity inertia switch for cars did not sell well because motorists did not believe that crashes and fires would happen to them! But Mathisen was undaunted, and turned his attention to the possibilities of aviation.

This company had been formed barely a few years prior to the Second World War, with rearmament becoming a major factor, and through the middle to late 1930s, Mathisen and his team worked hard to adapt the Gravinor gravity inertia switch into a complete fire suppression system including a flame-sensitive switch and an extinguisher, with a view to its acceptance by the Air Ministry for military aircraft. That target they ultimately achieved against fierce competition, prior to the outbreak of war.

It was during this period also that the subsequent long-standing relationship between Gravinor and the Wilkinson Sword Company was forged. Wilkinson Sword in the very early days agreed to market the Gravinor switch, and later when the first Air Ministry order came, the company also agreed to make that equipment. From this evolved the industrial relationship that has lasted ever since.

Although Anders Mathisen did not live to see the fiftieth anniversary of his creation (he died on May 8, 1973, aged 70), he was the company's leader

through the Second World War and the subsequent years of even greater expansion into new products, laying down the company's business philosophy of meticulous attention to detail and service to the customer that prevails to this day.

As a result of its continuous and close studies into the technology of combustion, Gravinor has developed a massive volume of experience in the research, design, development, testing and manufacture of a wide range of overheat, fire and explosion prevention, detection and suppression systems that are widely used in more than 50 countries on road vehicles, armoured fighting vehicles, on rail-cars, in ships, in commercial and military aircraft, in guided weapons and in industrial plants and complexes of all kinds, including North Sea oil rigs.

The company's export capa-

bility has substantially emerged in the post-war period. Gravinor had almost no direct exports until after the early 1950s, when the aerospace industry began to recover from the constraints of war-time production and the immediate post-war slump in its activities. But as the aerospace industry broadened its own horizons, especially into civil markets, Gravinor moved with it. Britain led the world in jet engine design, and it had also a wide range of gas-turbine powered civil and military aircraft programmes.

Rolls-Royce, one of the world's greatest engine manufacturers, began to export gas-turbine engines in the post-war field to many countries, and close collaboration with that company ensured that Gravinor was the natural first choice for fire protection in the jet age — a situation that gave the company the entry to many of the

markets that it still holds today.

The West German subsidiary, Deugra (Deutsche Gravinor) was founded in 1958, housed in a temporary building on Düsseldorf Aerodrome. From this base a business in fire protection for aircraft, and more particularly fighting vehicles, was built up. This year sees the 25th Anniversary of this Company, which, in its own right, is a leader in fire explosion detection and suppression for aircraft, fighting vehicles, marine and industrial explosion protection systems.

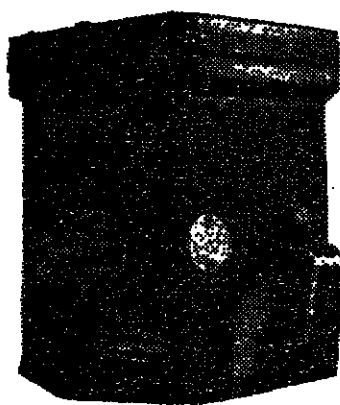
It was particularly to introduce Gravinor technology to the U.S. market that Allegheny International acquired the U.S. company, HTL Industries, some time ago. HTL has a very similar profile to Gravinor, with a turnover of around \$30m a year, and the two companies work very closely together.

Gravinor's systems fully meet the stringent requirements of the major safety authorities in the world, including the UK Civil Aviation Authority, the U.S. Federal Aviation Administration and many military authorities.

Just as the Gravinor systems have an unrivalled reputation throughout the world, so also does the company's product support capability. This involves maintenance, servicing, technical back-up training and many kinds of co-operation with system users. All are essential for both everyday efficiency and innovation in the detection and suppression of fire, overheat and explosion hazards of all kinds.

Research is one of the most important single reasons for Gravinor's leadership across the wide spectrum of this vital field of activity. A team of highly qualified engineers and scientists is dedicated to investigating the causes and finding solutions to the problems of fire, explosion and overheat wherever they may occur.

As new materials and techniques are developed by manufacturing industry, and employed in an ever widening range of uses, they bring new hazards and so the need expands for new knowledge on fire, overheat and explosion detection and suppression. The process of learning never ends. Gravinor's unique experience in assessing the hazards and devising the solutions to these new problems as they arise, with a wide range computer and experimental facilities at its main plant in Colnbrook. The result is leadership in the field of fire and explosion safety, and the provision of the safest, most reliable products for civil and military industrial fire and explosion prevention, detection and suppression.

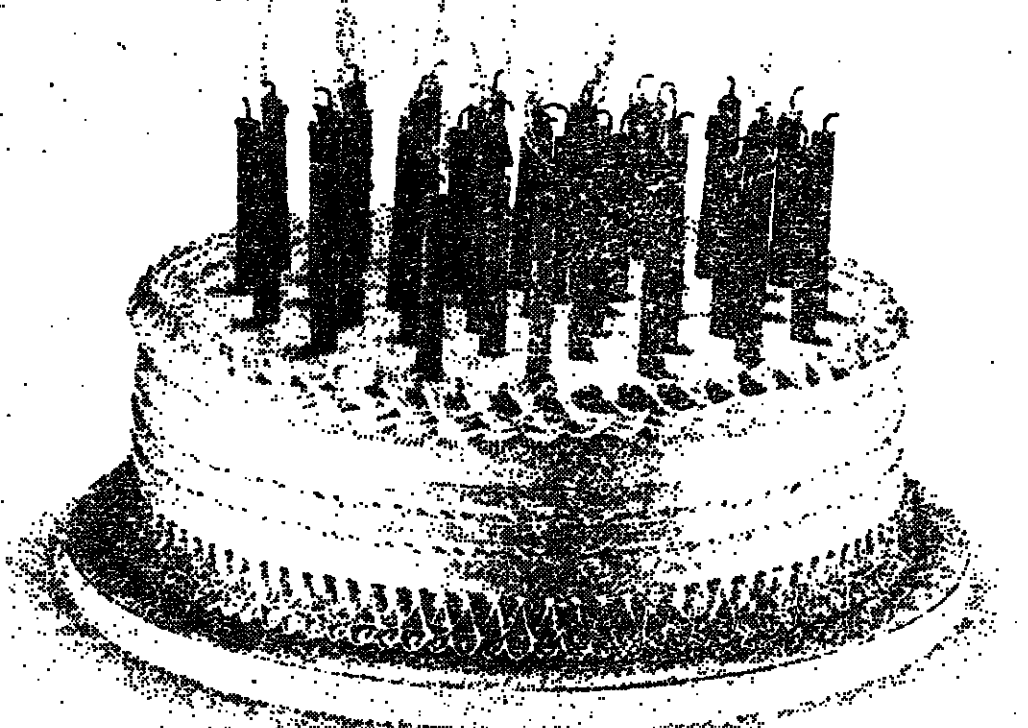


Gravity Inertia Switch



Left, John Hope, Managing Director, Gravinor Ltd., and right, Bob Farquhar, R & D Director, reviewing a prototype unit for automatic testing of infra-red detectors

GRAVINER



50 years of fire detection and suppression

In November 1933 Anders Mathisen established a company to market a device which would isolate the ignition and lighting circuits of a vehicle in the event of a crash — the device was called a GRAVITY INERTIA switch, from this came the name of a company which today leads the world in the technology of Fire & Explosion Detection and Suppression, that company is GRAVINER.

Wherever there is a need to protect people, Gravinor equipment will be found. In the air with detection and suppression systems for civil and military aircraft. On the sea with diesel

engine monitoring equipment and on land where Gravinor systems protect 'high risk high value' plant and equipment and civil and military vehicles of all types.

GRAVINER

protecting people for 50 years

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A wide range of aviation systems

THE growing world aviation market was the first to attract the attention of Gravinier's founder, Anders Mathisen, in the early 1930s, when it became clear that the Gravinier gravity inertia switch for cars was not likely to make the company's fortunes. Mathisen worked hard to adapt the system he and Salmond had developed for motor cars for use in aeroplanes, and success came before the Second World War, with a small Air Ministry order for testing purposes. From that small start, Gravinier has subsequently developed what is now the major part of its business, the provision of fire and overheat detection and suppression systems for civil and military aircraft.

Probably the most famous of the various systems manufactured is the FIREWIRE, a light, weight, strong but flexible element with electrical properties that continually monitors temperature changes and signals warnings to a master control unit whenever a predetermined "safe" temperature is exceeded.

The system can thus function without constant reference by the pilot of the aircraft, thereby ensuring a minimal work-load while providing reliable fire or overheat detection. Many British and foreign built civil and military aircraft are equipped with FIREWIRE, including

the Anglo-West German-Italian Tornado multi-role combat aircraft, the European Airbus, the British Aerospace Harrier vertical take off fighter, and the British Airways 757 twin-engine jet airliner, just to name a few.

Gas detector

Gravinier manufactures a wide range of additional aviation products, including the Discrete Continuous Detector, which can detect leaks of hot gases from the various ducts which are an integral part of all modern passenger carrying aircraft. This system provides an over-heat warning whenever the temperature reaches a predetermined level, thereby ensuring that structural weakening or damage to the duct is not a costly or even hazardous result of any gas leak.

The Gravinier range of High Soak Resetting Fire and Over-heat Detector Switches (HSRS) can withstand extreme temperature and vibration conditions which enables them to be located in highly sensitive areas of civil and military aircraft. They can be used to trigger

either alarm or fire extinguishing devices.

Also within the Gravinier range is the world's most advanced Ultra-Violet Flame Detector, which started life as an attempt to meet U.S. NASA requirements. This has an ultra-violet sensor which can detect radiation in the range of 200 to 265 nanometers. Operating within this range means that the system can differentiate the radiation of wavelengths present in flame from other sources of radiation, such as sunlight, artificial lighting, strobe lights and hot surfaces.

These sensors have a hemispherical field of vision, and can detect flames at distances of up to 20 metres. They can detect all types of fire, including those involving titanium, magnesium, hydrogen, petrol, hydrogen and methane.

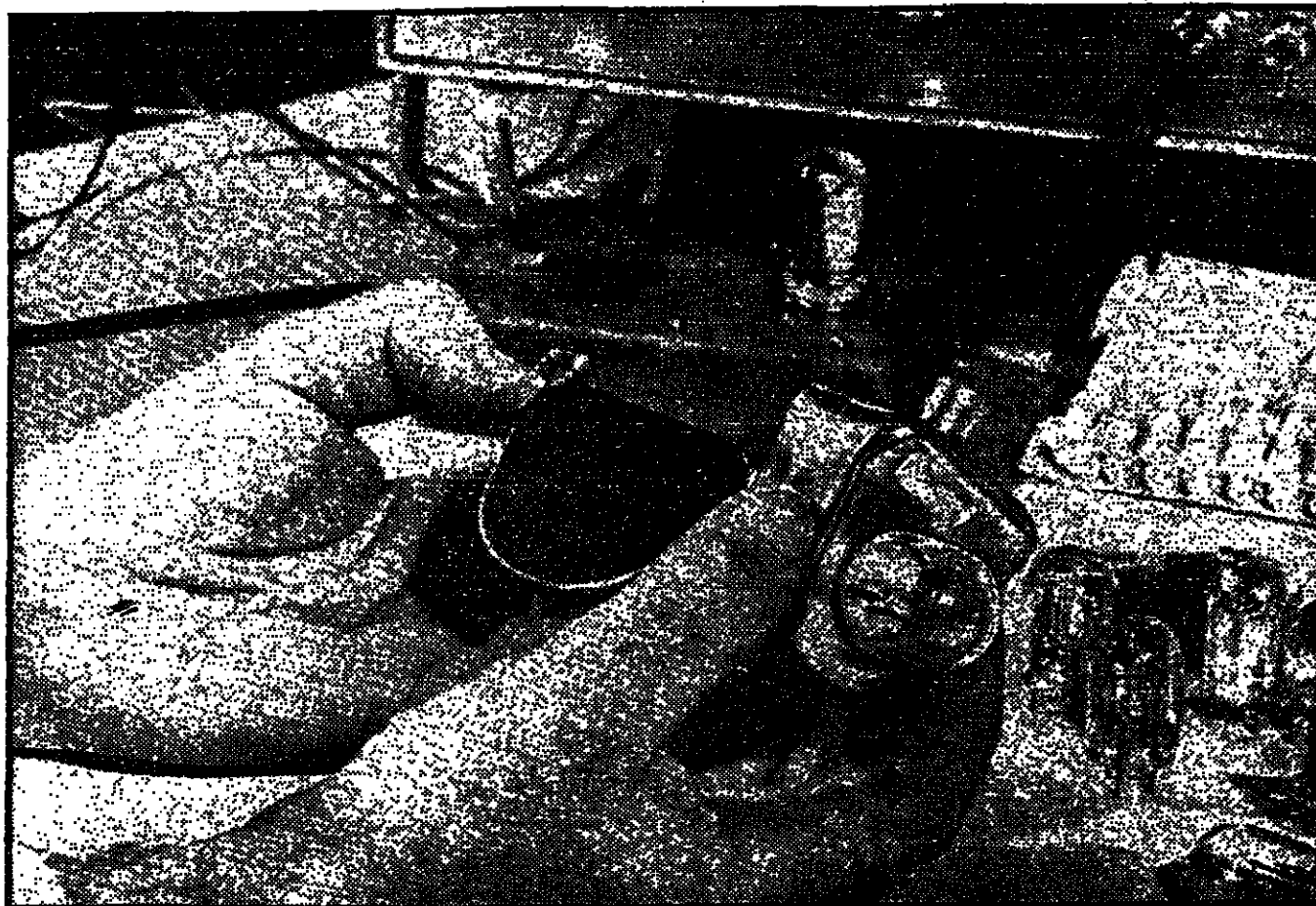
Accessories

Gravinier also manufactures and markets a comprehensive range of automatic fire extinguishers and accessories which include directional flow valve, spray nozzles, pressure relief types,

devices and discharge indicators. The company offers a range of impact and inertia operated switches for mounting on aircraft to actuate fire protection equipment and other emergency systems when crashes occur.

Survivability

Also, by drawing on its experience, Gravinier offers combat survivability systems which are suitable for application on both fixed wing and rotary winged aircraft and which can substantially reduce aircraft losses in combat resulting from "dry bay fires"—that is, fires which occur in the area between a fuel tank and the aircraft's skin. Also available is a wide range of other suppression techniques, including conventional pressurised Halon suppressors, detonator-driven non-pressurised Halon suppressors, and propellant driven powder suppressors. Each technique has a role in different parts of an aircraft and is thus suitable for a wide range of civil and military aircraft.



Lightweight ultra-flame detector

Explosion protection in industry

GASES AND DUSTS can be potential killers. Industries which handle flammable liquids, explosive gases or combustible dusts are required by law to prevent or restrict the propagation of explosions in factories or other industrial plants. Many everyday materials can be highly flammable and can form explosive dust clouds—such as metal particles, grain, sugar, starch, coffee and many other normally harmless products.

In fact, any material that can burn can provide an explosion risk if the level of concentration is high enough. Moreover, a primary explosion, even in a small component, can often lead to a catastrophic secondary explosion within the factory complex involved. There have been over 4,000 industrial explosions in Europe alone over the past few years, many of which might have been avoidable.

Rapid response

For many years Gravinier has consistently pioneered in the field of industrial explosion protection. Gravinier systems have now been installed in many hundreds of factories throughout a wide range of industries, saving lives, plant and profits. It is a fact that, wherever installed, a defined hazard. Gravinier Industrial Explosion Protection Systems have never failed. Many hundreds of plants have been saved by these systems, some of them more than once.

The Gravinier system operates on the basis that, although it is

commonly supposed that an explosion is instantaneous, there is in fact a measurable time between the build up of pressure to a destructive level and the actual ignition. The Gravinier system uses this time to detect the incipient explosion and activate the protection equipment. Moreover, the system, once installed, can be passive for a long period, perhaps even for years, while remaining capable of responding in milliseconds on the one occasion it may be required to function. Once installed, only routine inspection is necessary. The Gravinier system has been developed through many years of research and experience of the chemistry and physics of combustion, and practical experience of the problems associated with many different types of plant. The primary benefit of the

system, which comprises a master control unit and detection, suppression and venting units, is that not only does it eliminate the consequences of a serious explosion but also, because of the by-product of the high level of safety and reliability that it provides, enables personnel to operate closer to the hazardous processing or manufacturing plant than might otherwise be the case.

Lower costs

This in turn means that multi-level construction techniques and higher density grouping of manufacturing resources can be

achieved. Furthermore, the components protected by Gravinier systems need not be designed to withstand the full force of an explosion, thus eliminating the need for reinforced walls and other cumbersome and expensive safeguards. After a suppressed explosion, the only costs involved are for the replacement or reconditioning of certain components, while existing plant can be protected with a minimum of upheaval and loss of production.

Gravinier systems have found widespread application in many types of industrial plant, from gas and chemical plants to pharmaceuticals, and in processes ranging from milling and grinding to spraying and drying. The plants protected range from acetone and animal feed manufacture, through flour, grain, gravel powder and icing sugar, to sulphur and wood flour.

Increasing safety at sea

FIRE IS as much of a hazard aboard ships at sea as it is on land, and potentially can be just as destructive of life and property. The detection of fire aboard ship is therefore an important consideration for the crew, for the shipowners, and for cargo shippers and insurers.

The various Gravinier systems that are capable of being installed on land are equally suitable for installation aboard ships, but in addition the company has developed some specialist systems that are designed exclusively for maritime use.

One example is the ability to detect the development of oil mist in marine diesel engines that can ignite, causing engine failure.

This potential hazard was first identified many years ago, and in 1954, the British Shipbuilding Research Association

invited Gravinier to develop and produce the world's first oil mist detector with the result that today more than 80 per cent of all diesel-engined ships of over 2,000 tonnes are fitted with this type of equipment, involving many thousands of vessels world-wide.

Micro Processor

The most positive method of diesel engine monitoring is to measure the density of the mist in the crankcase so as to detect very small increases in that density due to overheat conditions. In this way all the sliding and rubbing surfaces in the crankcase can be monitored. The Gravinier Mark Five OMD, which is microprocessor based,

has been designed to combine very high sensitivity, with freedom from false alarms, but using the sophistication that micro-electronics allows.

Its fast scanning system, tested over hundreds of millions of operations, ensures that each crankcase is checked in turn. Whenever a "hot spot" generating an increase in oil mist and creating a potential hazard is discovered, the alarm is given and the potential overheating can be reduced by slowing the engine speed.

The system can be simply installed directly onto the engine, for a low capital outlay. The investment in the equipment is a small price to pay for ensuring the safety of the vessel and its crew, and the prevention of delays, salvage claims and losses of revenues that engine damage might otherwise cause.

Congratulations
to
GRAVINER
on the occasion
of its
**50th
Anniversary**



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Protection on the battlefield

ANY MODERN battlefield is by definition an unpleasant place to be. For the spearhead troops it can be particularly hazardous, given the conditions of modern warfare with the inevitably extensive use of guided weapons, such as anti-tank and anti-personnel weapons. Everything that can be done in advance, therefore, to reduce the undeniably high levels of risk for the forces involved, and especially those involved in tank warfare, is well worth the cost involved.

Many modern military vehicles, such as tanks and armoured personnel carriers, have high-powered engines and transmission

systems enclosed in small, heavily armoured compartments with restricted cooling air flows. The fuel tankage is usually adjacent to the engines and the risks of fires caused by engine and transmission overheating and fuel spillage is high.

Minimising risks

In combat, these vehicles are highly vulnerable to attack from many types of anti-armour weapons and the penetration

of fuel tanks and hydraulic systems within the crew compartment can lead to massive fuel explosions and fires, resulting in the death or incapacitation of the crew and the destruction or immobilisation of the vehicles.

The need for systems which provide protection against fires in engine and crew compartments is now recognised as an essential requirement for modern fighting vehicles. The cost of such vehicles is very high, and the training of crews is expensive and time consuming.

Fire protection systems minimise the risk and ensure that the vehicles and their occupants have the best possible chances of survival in combat. Gravier military vehicle fire protection system has been specifically designed for the specialist military operating environment, and is in service on more than 45,000 armoured vehicles in over 35 countries.

The Gravier "Crew Bay" system for fuel explosion and fire protection is based upon the ability to detect the infra-red radiations in hydrocarbon flames that are characteristic of exploding and burning fuel, while not reacting to false alarms—sim-

lar radiations occurring in a battlefield environment. The detectors are coupled to a control unit which automatically actuates one or more high-speed suppressors.

These deploy non-toxic concentrations of Halon 1301 within the crew compartment to suppress a fuel explosion or fire before catastrophic conditions result. The system is capable of detecting a fuel explosion or fire within two to three milliseconds of its inception, while the high speed suppressor can discharge its Halon 1301 through a pyrotechnically operated valve within 70 milliseconds. The fire can be out within 120 milliseconds of initial detection.

Rugged

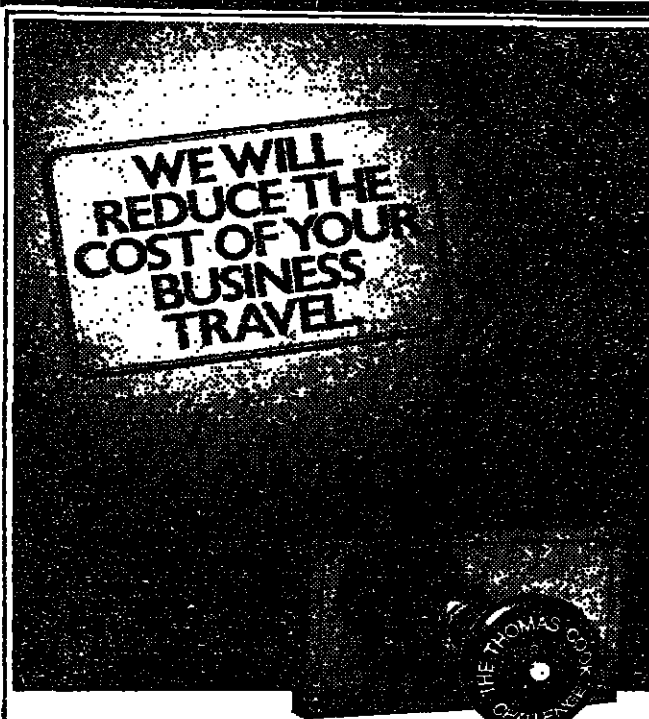
The system has been designed in such a way that it does not react to false alarms, while it is also designed to operate under the most rugged of climatic and terrain conditions. The microprocessor techniques used in the Gravier control

unit, and the company's unique experience of vehicle configurations and field trials enables it to offer variants of the "Crew Bay" system to take account of particular customer and specialist vehicle requirements.

Low volume

The company also manufactures point and continuous detectors for overheating and fire protection in the vehicle engine bays, including the famous FIREWIRE continuous detector system which is already widely used in civil and military aircraft, where light weight and low volume are of paramount importance.

The company's High-Soak Resetting Switch (HSRS) point detector can be pre-set during manufacture to operate at a specific temperature. Overheating, or a fire in the engine bay, causing the temperature to rise above the pre-set level, results in a signal which is used to give a warning or, if required, automatically to activate the extinguisher system.



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Serving the defence industries

DEFENCE HAS rightly been described as "the spearhead of advanced technology," spawning techniques with wide applications in commercial as well as military fields.

For more than 25 years Gravier has been working through its Guided Weapons Department with major manufacturers of guided missiles, manufacturing specialist components for weapons. The company first became involved in the expanding guided weapons industry with the former de Havilland Aircraft Company (later part of Hawker Siddeley Aviation which in turn subsequently became part of British Aerospace) when it manufactured pyrotechnic cable cutters for use on the Blue Streak rocket.

Missile systems

Much of the guided weapons activity remains classified, but today the department works closely with the Ministry of Defence's own research establishments, with British Aerospace and other prime contractors. Its own skills are allied to those of other members of the Allegheny International Group of companies. As a result, the combined products and technologies of the group have provided equipment for many major weapons systems, including the Swingfire anti-tank missile, the British Aerospace Sea Dart ship-launched anti-aircraft and anti-ship missile and the Sidewinder air-to-air missile.

The list of products is impressive, ranging from Safe/Arm devices through to high speed generators, pressure vessels and pressure systems to pyrotechnic devices. The combined

groups can provide both off-the-shelf components, or can design and manufacture solutions to particular weapons systems requirements.

The Gravier Safety and Arming devices ensure the safety of weapons systems during handling, transport and storage, and can initiate arming in response to the widely varying requirements of the launch environment on land, sea or in the air.

Pressure vessels

The company also manufactures a wide range of high speed generators, while its long experience in fire suppression technology has been extended to a range of pressure vessels designed and manufactured to the highest levels of reliability. Allied activities include the manufacture of actuators, pressure management components and mini air gauges.

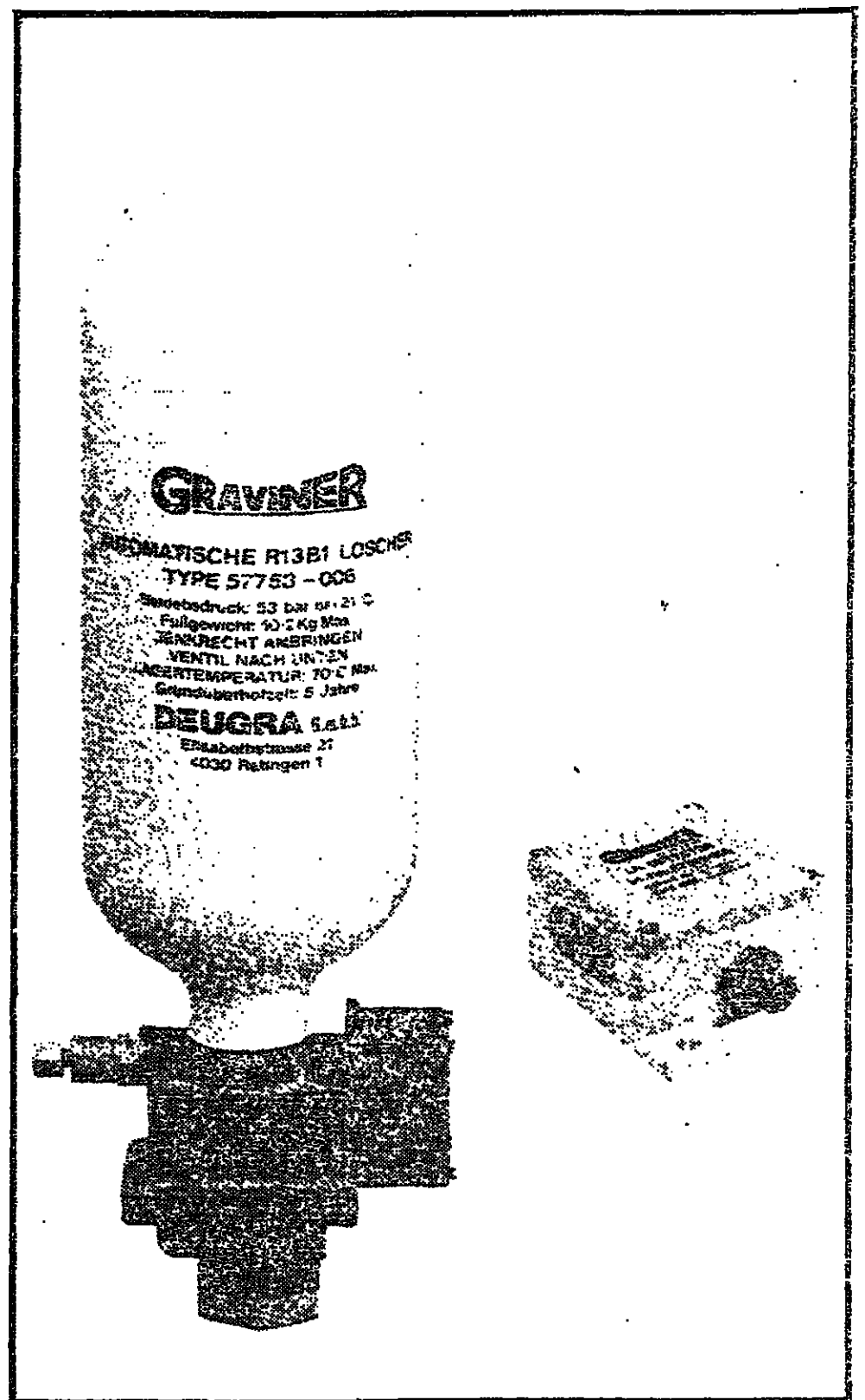
In addition, a wide range of pyrotechnic initiators, delays, actuators and gas generators is made for missiles and launcher sub-systems. Gravier is able to adapt this wide range of products to suit most ordnance-related needs in military and space applications.

Solving problems

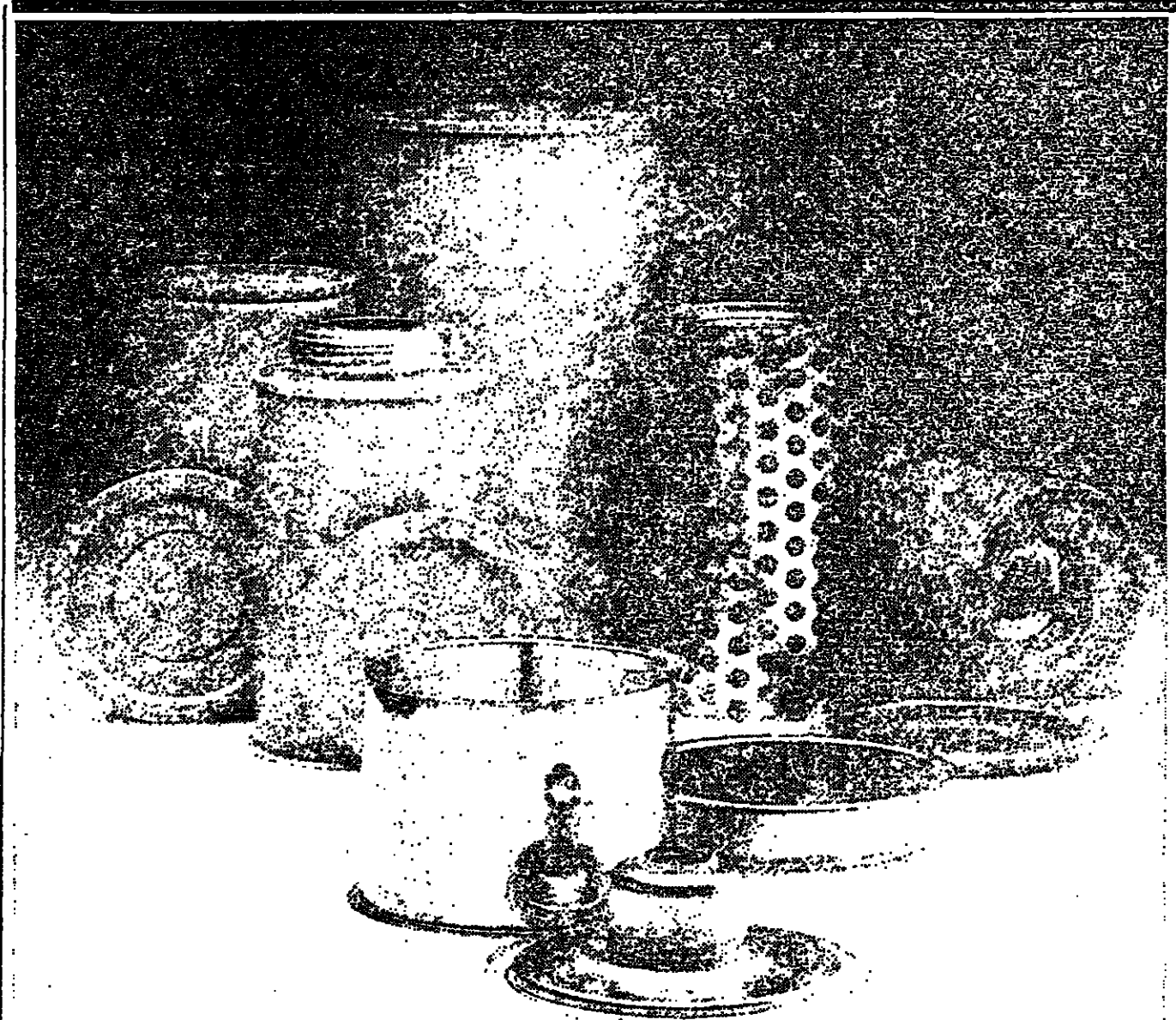
The guided weapons department is more than just a manufacturer of equipment. The engineering teams, with access to wide-ranging technology, ensure that Gravier can offer not just products but a unique problem-solving capability,

backed by years of practical experience.

The department can analyse a customer's requirements, and develop the correct solution using creative engineering and proven design techniques, while skilled technicians, liaising with the design and research development teams, can convert the design to prototype hardware and ensure product integrity before production begins.



High-speed suppressor/Infra-red detector



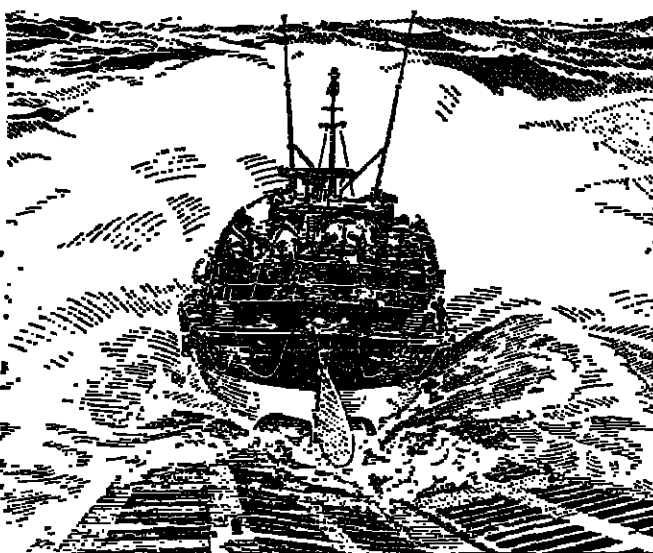
Davies Metal Box Limited congratulate Pains-Wessex on 50 successful years

We are proud of our long association with Pains-Wessex and join with them in their celebrations. Davies Metal Box Limited is a privately owned group whose combined turnover is in excess of £25 million per year. As one of the largest suppliers of specialised template components in the country, we deal with all MOD and pyrotechnic factories and also supply steel component parts to the trade. Presses range from 20 to 100 tons. There is a wide choice

of automatic coil feed presses and we can produce any type of pressing or assembly contract. As one of the few press shops who is constantly expanding, we have our own design team and enjoy the reputation of sustaining long term relationships with all our customers. Quality is of the utmost importance to us and our team of inspectors is continually striving to meet the high standards required by the MOD 0524 Approval, which we proudly hold.

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THE RNLI IS PLEASED TO HAVE BEEN ASSOCIATED WITH PAINS WESSEX SCHERMULY FOR OVER 50 YEARS.

ADVERTISEMENT

Pyrotechnics technology

PYROTECHNICS is a rapidly developing industry. While to many it still has the ancient connotation of "fireworks," the industry has substantially shed the long-prevailing "bucket and stick" image of "light the blue touch paper and retire immediately."

Today, pyrotechnics has become a high-precision, advanced technology industry in its own right, requiring meticulous attention to safety, reliability and performance effectiveness across a widening range of products in which the controlled use of fire and explosion can be harnessed to serve mankind in innumerable ways.

Pains-Wessex, a member company of the International Industrial Group of Allegheny International, and an associate of Gravier, is the world's leading specialist manufacturer of high-technology pyrotechnics for a wide range of military, marine and commercial uses, along with a comprehensive range of safety equipment for merchant vessels, rescue services and maritime leisure craft. Pains-Wessex, based at High Post, near Salisbury, Wiltshire, manufactures under its own and the Schermuly brand names. All its marine products are designed to meet or exceed both the SOLAS (Safety of Life at Sea) Convention (1974 and 1978 protocols) and the requirements of national, civil and military approval authorities.

Impeccable pedigree

An extensive distribution network now spans more than 50 countries, ensuring a high level of customer service and continuous stock replenishment. A highly specialised research and development team ensures that the company remains in the forefront of this rapidly developing high-technology arena, so as to meet changing market needs, while an experienced manufacturing and inspection team ensures that all Pains-Wessex/Schermuly products achieve, or exceed, the standards of performance, reliability and service-life required by the end-users.

The company spends over £1m of its own money every year on research and development, while spending on the introduction of new capital equipment this year will approach £1m. Pains-Wessex

works closely with the Kilgore Corporation of the U.S., through which the Pains-Wessex/Schermuly products are introduced to the big U.S. market.

The Pains-Wessex pedigree in the pyrotechnics industry is impeccable. The company was formed by the amalgamation in 1955 of Pains, a long-established firework company from London and the Wessex Aircraft Engineering Company of High Post. Pains itself was founded in about 1850 by James Pains, a London gunpowder maker, while the Wessex Aircraft Engineering Company was founded in 1933, so that this year Pains-Wessex is effectively celebrating its fiftieth anniversary.

An extensive range

Both companies were acquired during the 1960s by Bryant and May, the famous match manufacturer (part of what was then the British Match Corporation), which also acquired Schermuly Limited, the pyrotechnics company of Newdigate, in Surrey, in 1973. British Match was merged with the Wilkinson Sword Group in late 1973, the latter in turn eventually becoming part of the Allegheny International Group.

On the marine side, the company's extensive product line embraces equipment for commercial and leisure craft, and for the use of search and rescue services.

Pains-Wessex records show that the first Schermuly patent for a marine distress flare was granted in 1873, while the original Schermuly line-thrower was introduced in 1897. The Schermuly name, therefore, has for many years been synonymous with safety at sea. During the Second World War, the Pains-Wessex company's predecessors developed many specialised pyrotechnic devices for marine use and throughout the post-war period this range has been and is still being, extensively widened.

Today, the marine range includes line-throwing apparatus; red flare rockets for long-range distress signalling; smoke signals for distress signalling and illuminating flares for coast line surveillance and search; flares; lifebuoy markers; raft and life-jacket lighters; and compact survival and liferaft signals. Ancillary products include sea-

marker dyes, location markers and windproof matches.

For military use, Pains-Wessex supplies both the UK Government and many overseas governments. The current military pyrotechnic product line includes devices for illumination, signalling, screening, marking, decoying, search and rescue, sound signalling, and battlefield simulation and training.

A complete range of cartridges and parachute illuminating rockets is available to provide a brilliant light source for virtually all military roles. Short-range illumination is provided by hand or pistol-fired flares, while medium-to-long range illumination of up to 1m Candela is achieved from illuminating rockets fired from launchers specifically designed for infantry, vehicle, ship or fixed-wing and rotary-winged aircraft use.

Keeping ahead

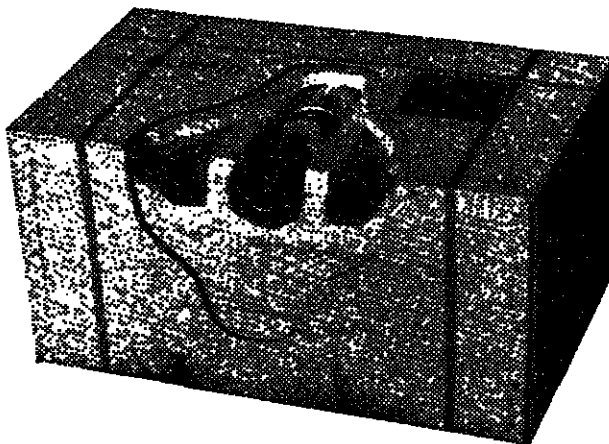
The company, in fact, pays particular attention to research and development. Apart from the high level of spending on this vital element of its activities, Pains-Wessex employs scientific and technical staff of the highest academic qualifications, thereby ensuring that it remains in the forefront of the ever-advancing technology of pyrotechnics. The company funds its own research programme, which ensures an independence in its thinking that in turn enables it to remain ahead of customers' own demands and helps to determine requirements well in advance of its competitors.

The company is now also increasingly making use of computer-aided design and development and testing techniques in its overall research and development effort, which are in advance of those employed even in some Government research establishments. These techniques are enabling it to speed the overall development times on new products, and on improving existing ones, with consequent subsequent savings in costs, whilst achieving ever-higher standards of reliability and performance.

Meticulous attention is also paid both to quality control, and to packaging for transport and storage, thereby ensuring high levels of product safety and reliability.



Miniflare, personal survival kit, consisting of a pen-sized projector and eight screw-on cartridges in a weatherproof plastic pack



Smoke grenades packed in polystyrene and boxed, allowing them to be carried by passenger air freight



Buoylite 1, continuous output light for attachment to emergency lifebuoys

Advanced research

One of the most advanced areas of Pains-Wessex research is in the development of countermeasures for use in modern warfare. Two of these are of special interest—the development of methods for screening armoured vehicles on the battlefield against detection by enemy thermal-imaging devices, and the development of flares for use on high-speed combat aircraft to decoy heat-seeking missiles.

Modern military vehicles, such as tanks, and other armoured vehicles, by their nature, have powerful engines that generate a considerable amount of heat. This has been used in the development of powerful weapons against them. Thermal imaging techniques, for example, have been evolved that can detect such vehicles via their thermal signatures at very long ranges, both by day and night, and even when the vehicle itself seeks to hide behind a dense visual screen of smoke. In this way, the vehicle becomes vulnerable to attack, and possible destruction.

To counter this, it is necessary to find ways of destroying the thermal contrast of the vehicle against its background, thereby limiting, if not eliminating, the ability of the enemy to see the target even when equipped with thermal imaging devices.

Pains-Wessex is developing what is called the Schermuly solution to this problem. In effect, this is a multi-band

screening device, with a number of small grenades carried aboard the vehicle, and ejected when required so as to form a large cloud of visual screening and infra-red radiating material between the vehicle and the enemy sights. The emission characteristics of the material forming this cloud create an effective screen that cannot be penetrated either visually or by any known thermal imaging device. A series of such small and easily handled grenades can be discharged electrically from the vehicle, so as to provide a highly effective and non-toxic protective cloud, behind which the armoured vehicle can continue with its own attack.

Today's helicopters and high-speed combat aircraft are also vulnerable to various countermeasures, but particularly to air-to-air and ground-to-air missiles. These missiles function on the principle of detecting the heat of an aircraft, such as that from its engines, and by homing on to that so as to effect a "kill." A means of protection is thus vital.

One such method now being developed is provision of a decoy heat source. This can be carried by a combat aircraft as part of its normal battle equipment. The decoy takes the form of a flare, generating considerable heat in its own right. When ejected from the aircraft, it either attracts the attacking missile, or confuses it to such an extent that the aircraft can make its escape.



Speedline, self-contained line-throwing unit

A unique capability

The combined Gravier/Pains-Wessex activities collectively comprise the world's most advanced ability to provide fire, overhead and explosion prevention, detection and suppression techniques along with a unique range of associated pyrotechnic devices for a wide and expanding diversity of customers. At the end of 50 years of steady growth, the component parts of the International Industrial Group of Allegheny International are not content to stand on their achievements, but are actively exploring new markets, new techniques and new products to meet the ever-widening and exacting demands of its customers, commercial and military, across a widening spectrum of advancing technological disciplines.

Just as the earliest founders of the businesses that today collectively comprise the Group, from James Pains

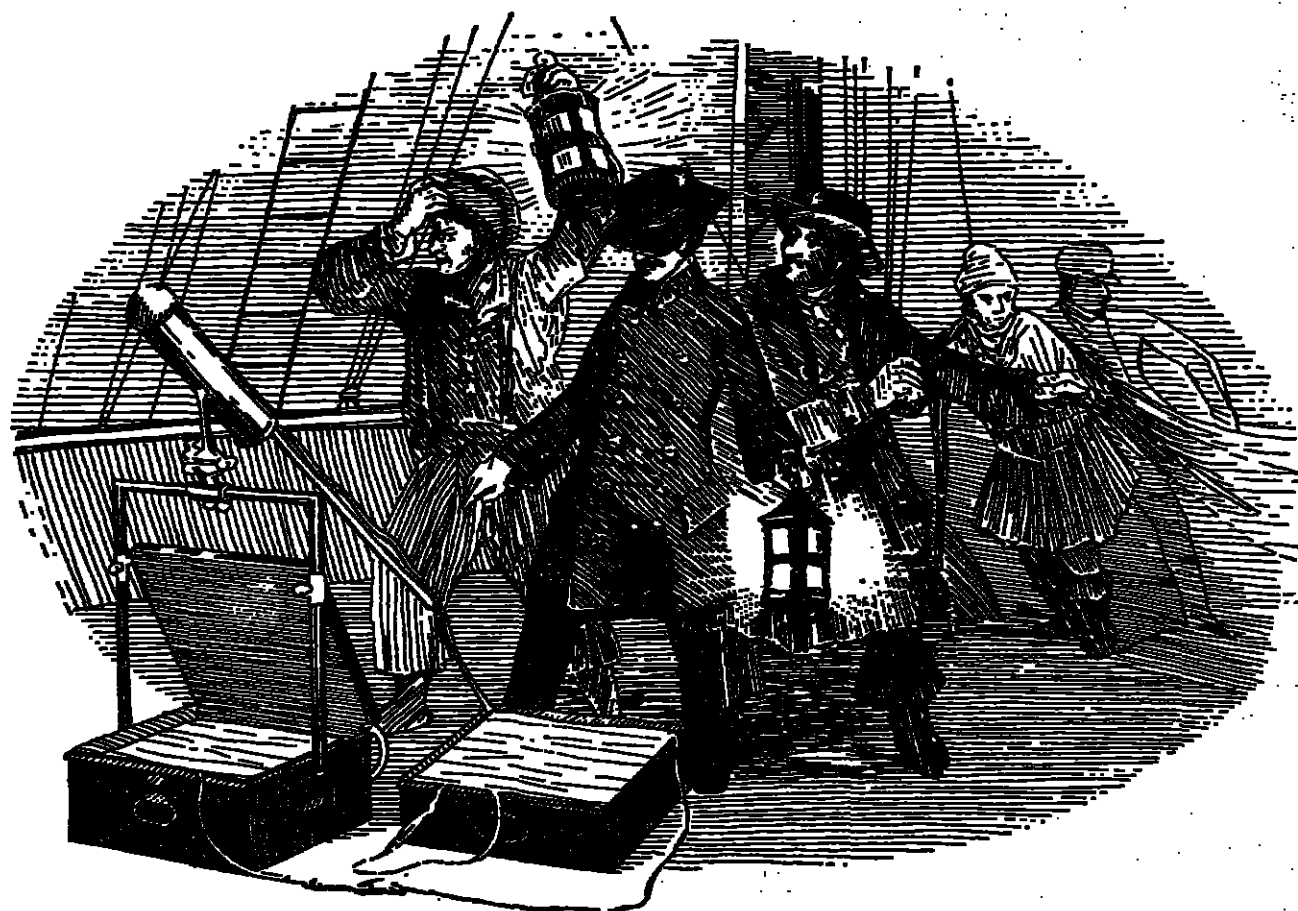
through to Anders Mathisen and Hubert MacKenzie Salmund, had the courage to back their own judgments on likely future developments—although none of them could really see just how changing world events were to shape their companies—so today the International Industrial Group continues to look ahead as far as possible, studying new concepts and defining new products, to meet customer requirements that have probably not yet even emerged.

The essence of success in such a highly competitive business is always to seek to remain ahead of the market, so that nothing that occurs takes one by surprise. With their high concentration of talent, in research, design, development, manufacture and customer support, Gravier and Pains-Wessex are determined to achieve that target.

Sunbeam International congratulate their sister companies Gravier & Pains Wessex, on their 50th anniversary.



Sunbeam International is a world leader in small domestic appliances including Coffee Makers, Irons, Sandwich Toasters, Grills and Multicookers.



Forward thinkers then... and now...

50 pioneering years have now elapsed since Pains-Wessex moved their pyrotechnics industry to High Post on Salisbury Plain. James Pains was the man who advertised gunpowder for sale in the year 1688, although it wasn't until 1897 that the persevering William Schermuly perfected his

now famous Rocket Line Thrower for use at sea. These two men with their dynamic innovations gave Pains-Wessex a head start.

The company's commitment to a continuous research and development programme, and the use of the most up-to-date production methods

ensures their place in the forefront of pyrotechnology.

Today, Pains-Wessex is playing a leading role in marine safety and the provision of service pyrotechnics. Their latest countermeasures products provide increased protection for armed forces on land, at sea and in the air.

SCHERMULY

Progress in Pyrotechnics

Pains-Wessex Ltd., High Post, Salisbury, Wiltshire SP4 6AS, England.
Telephone: (0722) 20211 Telex: 47486

UK COMPANY NEWS

Argyll on target to achieve £36.5m

WITH PRE-TAX profits emerging of £18.1m for the opening six months, Mr James Gulliver, chairman and chief executive of Argyll Foods, formed by the recent merger of Argyll Foods and Amalgamated Distilled Products, says he is confident that the full year forecast of £36.5m will be achieved.

He points out that both Argyll Foods and ADP are continuing to trade strongly and that early expectations are of a "satisfactory" Christmas trading period.

The chairman expects Argyll Foods to show some further net margin improvement in the current half year and to see further progress by ADP, particularly in the U.S.

"The results of Argyll Group for the six months, to September 30 1983, were based on a combination of the results of Argyll Foods and Amalgamated Distilled Products for the whole period—the merger became effective earlier this month. Also included were the results of Argyll Group, formerly James

Gulliver Associates, excluding dividend income.

Comparable results, showing pre-tax profits at £10.04m, were the reported figures of Argyll Foods and ADP for the same period—a year earlier. The operating contributions of Argyll Foods and ADP have been included.

Combined group turnover for the half year totalled £897.51m (£898.78m) of which Argyll Foods contributed £577.38m (£582.07m)—the balance came from ADP.

Operating profits, after interest, amounted to £17.95m (£9.11m) with the two companies contributing £13.72m (£9.29m) and £4.43m (£53,000 loss) respectively. Also included was a £175,000 loss (£131,000 loss) from Argyll Group.

Other income added £211,000 (£200,000) and pre-tax profits, tax charge rose from £861,000 to £2.9m.

Earnings rose from 4.6p to 7.7p per share and a net interim dividend of 1.75p is declared—

Mr Gulliver expects to recommend a final 2.75p.

During the first six months Presto Food Markets increased its turnover by 16 per cent to £270m, representing almost 40 per cent of group turnover. Its profit contribution rose substantially.

Twelve more Presto Food centres will be open by next March and Sir James is fully confident of achieving the target of 20 new openings a year by 1985—at present the group trades from some 138 Presto centres.

Barrett Brands, the group's U.S. subsidiary, continued to make good progress, producing operating profits over the half year of £4.2m from turnover of £21.54m. Barrett's results were incorporated in ADP's figures for the half year—it has interests in Scotch whisky and off-licences.

comment

Argyll will probably come closer to £36m pre-tax this year than the official forecast of £36.1m, which drops the prospective p/e to around 8 at 140p and perhaps nearer to 6 going forward into 1984. A low rating, but Mr Gulliver's mercurial rise on the back of quick fire deals has left the market apprehensive of what comes next. There is a fairly popular view that the Argyll/Amalgamated Distilled Products merger was struck for no other reason than to create a bigger corporate body as a preface to a major acquisition in the drinks trade—an acquisition that would have been too big for ADP alone.

While the Presto supermarkets chain appears to be attracting useful volume growth it is probably perceived within Argyll as a long-term cash cow whose function is to fund further empire building. Even with the market's caution over companies that move so quickly, Mr Gulliver's function is to pick up badly run businesses and squeeze a respectable return out of them. On that basis the price is too guarded.

Globe's net asset value improves to 287.24p

THE net asset value of each Globe Investment Trust 25p share improved from 280.37p at March 31 to 287.24p basic at September 30 1983. At September 30 1982 the figure was 281.02p.

The six-month increase net of prior charges at market value was from 264.78p to 281.85p. Consolidated net assets attributable to shareholders were £470.5m against £460.9m at March 31.

In August, the company reduced its interest in its largest holding, Mercantile House, by the sale of 3.55m shares at 725p. This realised some £25m of its initial £40m investment.

Earnings attributable to shareholders at £5.95m for the first half, showed an improvement of 11.34 per cent over the comparable period last year.

Its present forecast for the full year is for lower growth in the second half.

Earnings per share improved from 3.51p to 4.24p basic, and from 3.77p to 4.17p fully diluted. The interim dividend is raised from 3.55p to 3.75p—last year's total was 8.3p. Dividends above £5.14m compared with £5.81m.

The consolidated revenue account shows group pre-tax earnings of £10.01m (£9.75m). Franked investment income was £9.55m (£7.63m); unfranked income was £2.94m (£2.94m) and other income £0.51m (£1.57m).

At the end of the interim stage investments at middle market price or valuation were £460.42m at March 31. These broke down to: listed £408.33m (£382.65m); unlisted £71.68m (£77.76m); investment property £5.95m (£8.31m).

In accordance with its investment objectives, the company is looking to acquire some further large, significant investments and it will also be considering a further increase in its overseas investments.

Tax cut helps Tricentrol to £16m at nine months

REDUCED TAXES have enabled Tricentrol to show improved net tax income for the third quarter ended September 30 1983, and to pull up to £16.1m for the first nine months of the year, compared with £16.2m previously.

For the third quarter the income was almost doubled to £12.2m before taxes, but came down to £7.2m (£8.1m) after such charges.

Mainly as a result of higher depletion and interest charges, pre-tax profits fell from £35.1m to £31.3m in the nine months on revenues up to £93.8m (£78.6m).

The trend of reducing taxes will continue as Tricentrol's exploration and appraisal drilling programme gathers speed. Opportunities available are expected to reduce Petroleum Revenue Tax to the level of Advanced Petroleum Revenue Tax in the future, but since PRT is allowable in assessing liability to corporation tax, this tax is

expected to become payable again. Some £5.3m has been reserved for in the nine months figures and it is likely that £7m will need to be provided for the year 1983.

Shareholders' funds at September 30 were £132.1m against £114.5m at the same time last year, while borrowings stood at £97.3m.

Mainly as a result of new production coming on stream, oil output in the U.S. almost doubled to an average 1,006 barrels per day. Gas production averaged 14.2m cubic feet per day (13.7m)—market problems continue to plague many of the gas producing areas, but alternative markets have been developed for the Bearpaw gas and increased production started in September.

Oil production in Canada rose to an average of 1,519 bpd (1,490) as a result of heavy demand and new discovery wells

coming on stream.

In the UK production from Thistle Field in the third quarter was 10.34m barrels of crude, of which Tricentrol's equity share was 1.02m. Over the comparable 1982 period production was 11.69m barrels, with Tricentrol's share at 1.12m. Buchan production in the third quarter was 2.7m barrels, averaging some 29,480 daily. Through August and the first half of September production was depressed because of the closure of two wells.

The recent acquisition for £14m (mostly met by the issue of shares) of the North Sea acreage of Norren Energy Resources gives Tricentrol the opportunity to invest in an Amethyst gas field and the Etrick oil field, and the benefit of an active and highly tax effective exploration and appraisal drilling programme.

See Lex

Oil and Gas Production

Oil and Gas Production has decided to investigate alternatives to maximise the value of the company's shares.

Among alternatives being considered are divestiture of bids for the company's issued share capital or for its underlying assets, which consist of producing oil and gas properties in the U.S.

The Board has decided on this course of action because it believes that shares are trading at a substantial discount to the realisable value of the company. Goldman, Sachs & Co has been kept as financial advisers.

Whitbread Inv.

Taxable profits of Whitbread Investment Company rose from £2.1m to £2.97m in the six months to September 30 1983.

After tax of £990,821, against £834,574, net profits came out at £2.08m, compared with £1.67m.

The net interim dividend is raised from 1.76p to 1.94p per 25p share—last year's total was 5.35p on £4.01m profits.

Midway surge by Powell Duffryn

A £1.71m increase to £5.53m in the first half profit is described as encouraging by the directors of Powell Duffryn. They feel that the year's result will not disappoint, although it is possible the rate of improvement so far may not be maintained.

For the six months ended September 30 1983 group turnover came to £278.5m, compared with £265.3m and the trading profit reached £10.49m, against £8.92m. Associates accounted for £45.24m (£41.15m) turnover and £1.33m (£583,000) of trading profit.

Engineering profits were £945,000 (£975,000) and included a "satisfactory contribution" from the newly acquired Hillier group of the U.S.

Profits from the fuel distribution rose from £1.41m to £1.11m and the improving trend in construction services has been maintained with profits ahead from £2.35m to £3.11m.

The profits were struck after interest of £3.65m (£3.8m). Tax takes £1.64m (£1.67m) to leave

the net balance at £4.99m (£3.55m), equal to 13.7p (10.8p) per share. The interim dividend is lifted from 4.7p to 5p—the previous year's total was 14.28p from pre-tax profits of £12.9m.

The company has a 13.2 per cent investment in IBH Holding AG (book value at September 30 £14m) earlier this month applied to the Curtis for protection from its creditors. It is expected that a considerable time will elapse before IBH's situation is clarified. However, it is likely that it will become necessary to make provision against this investment in the accounts at March 31 1984 as an extraordinary item.

Any reduction in the value of IBH investment will have no material adverse impact on the group's liquidity or its existing borrowing facilities.

comment

At least for the time being, Powell Duffryn seems to have stopped the rot in its engineering division, allowing the signs of better performance—and better housekeeping—elsewhere to show through. The rationalisation costs taken below the line at the year-end do seem to be yielding some return in the engineering side as well, with some two to three hundred extra jobs eliminated and various units restructured—but caution is in order here since the net effect so far has only been to get the engineering division back to the 2 per cent operating margin seen in the first half of 1982. The eventual damage to PD's balance sheet from writing off its investment in IBH could be £14m—to be taken in at the year end and here alone the net effect so far has only been to get the engineering division back to the 2 per cent operating margin seen in the first half of 1982. The eventual damage to PD's balance sheet from writing off its investment in IBH could be £14m—to be taken in at the year end and here alone the net effect so far has only been to get the engineering division back to the 2 per cent operating margin seen in the first half of 1982.

French Kier profits advance 16%

RECORDS have been set by French Kier Holdings with a 10 per cent advance in interim turnover to £118m against £107m and a 16 per cent advance in pre-tax profits to £5.65m compared with £4.85m.

Mr J. C. S. Mott, chairman, says that the value of outstanding work to be completed by the group, a civil engineer, has been maintained at a satisfactory level, although, he adds, the division between home and overseas has moved in favour of the former.

Construction in Europe, he says, has maintained its position in terms of turnover and increased its profits, while construction overseas showed an advance in turnover with maintained profits.

Products and services to aggregate traded at a profit, and Contractors' Scaffolding and Formwork showed a markedly improved trading result.

Discussions with the Iraq State Organisation and other

government bodies in connection with the Baghdad Abu Ghraib joint venture contract have continued constructively. But, he says, it is not considered an appropriate time to revise the views which were expressed in the 1982 annual report, and a subsequent statement released to the Stock Exchange in August.

Thus, the provision which was made in the 1982 group accounts remains unchanged.

The interim dividend is raised by 16 per cent from 1.25p to 1.45p, and follows a rise in last year's final from 3.15p to 3.6p.

Net profits for the period were £3.1m (£2.67m) after tax of £2.5m (£2.19m). There was an extraordinary credit of £100,000 (£75,000) and after deducting dividend payments of £0.69m (£0.59m) the retained surplus rose from £2.08m to £2.47m.

comment

It looks as if French Kier has seen the back of its expensive Iraqi misadventure, so the shares rose 51p to 110p almost in sheer relief. In response to a dearth of high quality overseas contracts—where margins have slipped slightly to 3 per cent of turnover—the group is chasing smaller refurbishment and project management contracts in the UK. Of the £300m of orders on the books, £210m are in the UK, with the rest abroad. The split was more like 50-50 a year ago. Meanwhile, cash balances have dropped by £13m since the year-end to £18m as the group has increased investment in property development. Management improvements have eliminated losses at the scaffolding company, the major feature in the products and services division's swing into £180,000 profit. A full year out-turn of £13.75m pre-tax for the group looks on the cards, which puts the shares on an undemanding multiple of 6.3, assuming a 45 per cent tax charge.

COMPANY NEWS IN BRIEF

In the year to April 30, 1983 textile and clothing manufacturer and distributor, and hand tool importer and distributor Berta Textile Mill Company produced pre-tax profits of £105,080 after a second-half contribution of £51,000. This compares with taxable losses for the previous 12 months of £1,000, including a second-half deficit of £157,000.

There is again no dividend.

The £10.8m rights issue by C Waterbury Trust has been taken up by shareholders representing over 97 per cent of the equity.

The rights were of combined value of new ordinary shares with one Series B warrants attached—at 31p per unit for every 15 ordinary or warrants held.

The combined units not taken up have been sold in the market at a net price of 20.44p. The proceeds will be distributed to entitled investors except that no payment will be made for amounts less than £2.

West Kent Water company's offer for sale of £1,625m of redeemable preference shares attracted 20 tenders with an

average price of £101.04 per cent compared with a minimum price of £99.5 per cent of stock. The highest price offered was £102 per cent and the lowest price partially accepted was £101.03 per cent.

Pre-tax profits of Manxair Mercantile Holdings increased from £290,000 to £340,000 for the six months to September 30, 1983, on turnover of £9.45m, compared with £7.8m.

The net interim dividend is improved from 0.3p to 0.4p per 10p share, to reduce disparity—the directors will consider the final in the light of the full year's results.

The profit was struck after interest of £0.5p and taxable profits totalled £157,527.

Yearling bonds totalling £50.05m at 9.4 per cent have been issued this week by the following local authorities: Aylesbury Vale District Council £1m; Westminster (City) £1.5m; Merthyr Tydfil Borough Council £0.5m; Bolsover DC £0.3m; Milton Keynes (Borough) £0.75m; Restormel BC £0.25m; South Dorset DC £0.25m; South Devon DC £0.25m; Tamworth (Borough) £0.5m.

For the first six months of 1983 taxable profits of Chama Tunnels Investments were down from £3,134 to £2,215, and after tax of £840, against £1,265, earnings per 5p share were 0.09p, compared with 0.13p.

The net asset value per £1 share of the Marine Adventure Sailing Trust rose from 95.5p to 206p in the 12 months to September 30 1983.

Total income for the year was £164,882 which compares with £98,882 for the 14 months to September 30 1982. Interest took £45,597 (£45,618), management expenses £9,770 (£5,560) and charitable donations totalled £101,173 (nil) to leave a pre-tax surplus of £10,342 (£34,303). Tax charge for the year was £2,006 against £88,024.

Available earnings at Monks Investment Trust expanded from £874,000 to £917,000 for the six months to the end of October 1983. Net asset value per 25p share amounted to 153.6p.

At the end of last April the net value came to 142.7p. The net interim dividend is held at 1.17p in the first full year a total of 2.4p was paid.

Earnings per share moved up from 1.15p to 1.15p the directors say that earnings for the full year may be a little down on last year's 2.24p partly as a result of further purchases of low-yielding Japanese equities.

After deducting prior charges at par, the net asset value per 25p share of the Scottish Investment Trust rose by 64.4p to 270p in the 12 months to October 31 1983.

Gross franked investment income was down at £3.54m against £3.78m but gross unfranked investment income was up at £8.38m compared with £4.34m. Gross interest was £2.45m (£0.79m).

Tax absorbed £2.69m (£2.72m) giving an earnings per share value of 4.78p (4.88p). The final dividend is 3p (same) for an unchanged total of 4.7p.

BANK RETURN

	Wednesday November 23 1983	Increase (+) or Decrease (-) for week
BANKING DEPARTMENT		
Liabilities		
Capital	24,555,000	—
Public Deposits	55,935,888	+ 3,254,215
Bankers' Deposits	585,170,908	+ 108,516,857
Reserve and other Accounts	1,720,454,966	+ 94,889,632
	2,861,481,656	+ 15,279,285
Assets		
Government Securities	865,406,897	— 75,870,000
Advances & other Accounts	868,487,455	— 5,253,394
Loans	1,115,170,908	+ 66,518,559
Premises Equipment & other Secs.	12,552,584	+ 5,764,712
Notes	164,813	+ 6,500
	2,861,481,656	+ 15,279,285
ISSUE DEPARTMENT		
Liabilities		
Notes Issued	11,470,000,000	+ 80,000,000
In Circulation	11,457,000,000	+ 75,000,000
In Banking Department	12,552,584	+ 5,764,712
Assets		
Government Debt	11,015,100	—
Other Government Securities	4,035,335,050	+ 451,201,604
Other Securities	7,485,755,870	+ 281,501,604
	11,470,000,000	+ 80,000,000

Akzo NV, Arnhem Holland

The Board of Management and Supervisory Council of Akzo NV decided to distribute for the fiscal year 1983 an interim dividend of Hfl. 1.— per ordinary share of Hfl. 20.—

As from 7th December, 1983 the above dividend of Hfl. 1.— per ordinary share will be payable against surrender of coupon no. 19 at Barclays Bank PLC Securities Services Department 54 Lombard Street London EC3P 3AH and Midland Bank PLC International Division Securities Services Department 110-114 Cannon Street London EC4N 6AA

U.K. Residents Dividends payable to U.K. residents will be paid less 15% withholding tax and U.K. income tax will be deducted from the gross dividend.

Residents of other countries For residents of countries other than the United Kingdom with which the Netherlands has a Double Taxation Agreement, the rate of withholding tax (if any) will be adjusted upon provision by the presenting authorised depository of the completed necessary documents (Form 2, etc.). Where no such form is submitted withholding tax at the rate of 25% will be deducted. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms. Information concerning any of the above mentioned documents may be obtained from Barclays Bank PLC and Midland Bank PLC.

Arnhem, 25th November, 1983



Half year results

The unaudited results of the Boots group for the six months to 30th September 1983:-

	1983 £m	1982 £m	% Increase
Turnover (excluding VAT)	824.0	748.9	+10.0
Profit on ordinary activities before taxation	65.1	52.3	+24.5
Taxation	(23.2)	(17.9)	
Profit after taxation	41.9	34.4	
Minority interests	(0.5)	(0.2)	
Extraordinary profit after taxation	11.8	—	
Profit attributable to shareholders	53.2	34.2	
Dividend	(14.5)	(12.7)	
Profit retained	38.7	21.5	
Earnings per share before taxation	8.8p	7.1p	
Earnings per share after taxation	5.7p	4.7p	

	1983 £m	1982 £m	% Increase
Industrial Division	163.8	136.9	25.8
Share of profit of related companies	2.1	1.3	
	33.1	27.1	
Retail Division	715.0	664.3	19.1
Surplus on disposal of properties	8.7	7.6	
	31.1	26.7	
Interdivisional	(54.8)	(52.3)	
Net interest and unallocated items	0.9	(1.5)	
	824.0	748.9	52.3

Notes

1. Turnover of the Industrial Division increased by 19.6% and profits by 22.1%. Both were helped by an excellent contribution from our subsidiary, Boots Pharmaceuticals Inc in the US, the inclusion of 100% of Laboratories Liade in Spain, and by a gain in the translation of foreign earnings. The Optrex business acquired in February 1983, though small in relation to the total, has performed well up to expectations.

The half year's results include improved profits from FBC, the former agrochemical associate, our investment in which was sold in September.

2. Retail Division turnover increased by 7.6% and profits by 16.5%. A major adverse effect was suffered on turnover and profits in the period due to the clawback of chemists' remuneration by the DHSS following a review of discounts allowed by wholesalers. The estimated total amount has been fully provided by a charge of £6m against these results.

Excluding this charge, trading profits in the UK rose by 39.3% and turnover increased by 7.7%, real growth being more than 4%.

Overseas retail losses, principally in Canada, were reduced by more than 50% compared with the same period last year and are struck after deducting pre-opening expenses incurred in France.

3. The Taxation Charge comprises:

	1983 £m	1982 £m
UK	16.9	13.8
Overseas	5.8	3.7
Related companies	0.5	0.4
	23.2	17.9

4. The Extraordinary Profit after taxation includes a profit of £11.0m arising from the sale of the Group's investment in FBC Holdings Ltd. for £60m.

5. Earnings Per Share calculations are based on profits after deducting minority interests and before extraordinary profits, and on average ordinary shares in issue. All figures have been adjusted for the effect of the one for one capitalisation issue in July 1983.

6. As forecast in the Directors' Report for the year ended 31st March 1983, the Directors have declared an Interim Dividend of 2.0p per share (last year as adjusted 1.75p per share) which amounts to approximately £14.5m (last year £12.7m). The dividend will be paid on 11th January 1984 to shareholders registered on 9th December 1983.

7. Referring to the Outlook for the remainder of the financial year the Chairman, Dr P. T. Main said "Whilst we have achieved a good first half result and we expect to maintain growth in the second half, we shall be comparing our results with a more buoyant out-turn in the corresponding period last year. Much, of course, depends on the success of our Christmas trading which has started well."

The Boots Company PLC
The Boots Company PLC, Nottingham NG2 3AA.

UK COMPANY NEWS

Boots expands £12.8m halfway

A SHARP RISE of £12.8m to £85.1m has been shown by the Boots Co. for the six months to the end of September 1983. Turnover of this pharmaceuticals and consumer products group expanded from £74.8m to £87.6m, excluding VAT.

The net interim dividend has been effectively lifted from 1.75p to 2p to reduce disparity in line with the prediction made at the year end and after allowing for a one-for-one scrip. In the last full year a total equivalent to 4.75p was paid.

Half-time earnings per 25p share came to 5.7p compared with an adjusted 4.7p. Referring to the outlook for the remainder of the financial year, the directors say that while the company has achieved a good first half result and expects to maintain growth in the second half, it will be comparing its results with a more buoyant outturn in the corresponding period last year.

The last full year profits amounted to £140.1m (£120.2m) and the directors expected profitable growth to be maintained in the current year.

HIGHLIGHTS

Lex concentrates on four British companies reporting figures yesterday. Burnett & Hallamshire has turned in profits equal to half those for the comparable period, which is worse than expected even after last month's drastic revision. Tricentral pushed out its third quarter showing lower earnings. Rising debt and the absence of discoveries. On a happier note, Boots interim is ahead by a quarter with good rises all round especially from the drugs manufacturing operation. Finally Lex considers the latest from Redland where the profits line is moving ahead strongly on a cyclical recovery and looks set to reach around £90m this year.

For the current year the directors say that much depends on the success of Christmas trading which they say has started well.

In the industrial division, profits were helped by an excellent contribution from Boots Pharmaceuticals Inc. in the U.S., the inclusion of 100 per cent of Laboratories Liade in Spain and by a gain in the translation of foreign earnings. The Optrex business acquired in February 1983, though small in relation to the total, has performed well up to expectations.

Half year results include improved profits from FBC, the former agrochemical associate, the investment in which was sold in September.

In the retail division, a major adverse effect was suffered on turnover and profits due to the clawback of chemists' remuneration by the DHSS following a review of discounts allowed by wholesalers. The estimated total has been fully provided by a charge of 26m against these results.

organisation costs last time, the net attributable profit came out at £3.75m (loss £1.52m).

Beef trading from New Zealand operations produced good profits in the second half, but its profits were still slightly below expectations, so the shares dropped 2p to 24p. The bulk of the year's £3.4m improvement came from a £3m reduction in interest charges thanks to asset sales, tighter control of working capital and improved cash flow.

Borrowings are down from three times to twice net tangible assets, but at £53.5m, there is still a long way to go before

owed much to drought induced activity at the works in Australia. This was followed, as expected, by losses there in the second half.

On turnover of £940m, against £836m, the year's profit shot up from £355,000 to £3.8m. For the first half the profit was £2.09m and this was thought to be the bulk of the profit for the entire year.

In the event the second half has passed expectations. The position at the interim stage

As a result, pre-tax losses increased from £35,000 to £165,000 in the half-year to October 1, 1983. Sales of this printing equipment manufacturer rose from £6.3m to £7.38m.

There was a trading loss of £65,000 against profits of £65,000. Bank interest charges were down from £144,000 to £100,000. After tax up from £2,000 to £6,000, there was an attributable loss of £171,000 (£183,000) (including an extraordinary debit of £145,000).

The directors consider it prudent to delay payment on the 11p per cent cumulative preference dividend due on October 1, 1983 and they do not propose an interim dividend. They say the 6 1/2 per cent preference share dividend due on September 30, 1983 places only a small burden upon resources and will be paid on December 5.

Elsewhere, benefits arose from the first contribution of Bunn Brothers and from the extension of interest, announced earlier in the year, in the provision of sports news services in America and the UK.

In the last few months the

group has disposed of Robophone and its 45 per cent interest in Transel. It decided to sell because the directors believed the proceeds could be more profitably employed in other parts of the group.

He adds, "In October the company acquired 75 per cent of MGE, a company supplying software packages and computer systems mainly for use by accountants, thus increasing the group's business in the computer services field."

Looking ahead, he says: "At the end of the year we expect to be able to report continued progress throughout the group."

The interim dividend is being stepped up by 20 per cent to 3p net on the enlarged share capital. Last year's final payment was 1p higher at 7.5p.

Pre-tax profits were struck before interest of £177,000 (£171,000). Tax took £2.24m (£0.65m), minorities £0.41m (£0.1m) to leave an attributable surplus of £2.51m (£0.83m). Earnings per share were 14.3p (4.6p).

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Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ US\$ stock. § A special of 10p also proposed. ¶ In lieu of final. || Including special 17.5p.

Architects - Lilwyl-Davies and Weeks
Quantity Surveyors - Gardiner & Theobald
Consulting Engineers (Structural) - Ove Arup & Partners
Consulting Engineers (Building Services) - Ove Arup & Partners

RESULTS 6 months to 6 months to Year to (unaudited) 30.6.83 30.6.82 31.12.82

Turnover £118M £107M £257M

Profit before tax £5.65M £4.85M £12.44M

Dividend per share 1.45p 1.25p 4.85p

Earnings per share 6.4p 5.5p 15.3p

(The audited profit and loss account for the year to 31.12.82 is an extract from the latest published accounts which have been filed with the Registrar of Companies. These accounts contain a qualified audit report highlighting a material understatement of turnover in a previous period in relation to a joint venture in Iraq. The auditors concurred with the Directors' view concerning this provision.)

French Kier Holdings Public Limited Company
50 Epping New Road Buckhurst Hill Essex

Redland tops £40m and outlook is 'bright'

IMPROVED RESULTS from the UK, West Germany and the U.S. enabled construction materials group Redland to hoist its pre-tax profits to £40.5m for the 36 weeks ended September 24.

This was an advance of 39 per cent over the £29.1m reported for the opening half of the previous year and was achieved on a 7 per cent increase in turnover to £526.1m, including associates' share.

Trading in the second half is continuing on similar patterns in all three countries and there are also signs of an upturn in Australia.

The directors say that the second half percentage rise in profits may not quite match that of the first six months because the recovery in construction volume began about this time last year.

They add, nonetheless, that prospects for Redland's profits and cash generation, particularly for the overseas activities, "look bright".

Meanwhile, the interim dividend is being stepped up from 2.94p to 3.25p, an increase of 10 per cent—a final 5.14p was paid for the 1982-83 year when taxable profits totalled £98.3m.

The group results for the past six months also included an "important" contribution from the Redland West Corporation.

In the UK profits before tax and interest rose by 14 per cent with all divisions showing improved performances. The better results, however, were partially offset by a significant decrease (from £2.6m to £100,000) in profits from the sale of land.

Overseas subsidiaries increased their contribution by 174 per cent.

With an upturn in new housing in West Germany profits of Braas and Company rose strongly. Activities in the U.S. gained from a substantial increase in demand for new housing and highway expenditure but in Australia profits were lower than last year's levels.

Tax accounted for £17.1m (£12.1m) and earnings rose from 7.9p to 10p per share.

See Lex

Forshaw's Burtonwood Brewery is lifting its interim dividend from 2.04p to 2.5p net in respect of the year ending March 31, 1984.

Turnover for the year ended September 24, 1983, was £639,000 to £580,000 in the first half to September 24.

Turnover came to £10.78m (£9.93m) and the profit was £1.25m (£1.07m). Net profit fell from £639,000 to £580,000 in the first half to September 24.

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Burnett & Hallamshire dives midway to £4.9m

A SETBACK in the property division, with no contribution from California, was largely responsible for a 51 per cent fall in interim pre-tax profits at Burnett & Hallamshire Holdings.

Pre-tax profits for the six months to the end of September 1983 fell from an adjusted £10m to £4.9m. This is contrary to the directors' previous expectations of further substantial growth for the current year.

The directors have expected property division profits would be at or above the levels achieved in the year to the end of March 1983—they now say this is not realistic and believe profits for the full year are likely to be "very substantially" below those achieved last year.

In the last full year group pre-tax profits grew from £21.5m to £20m, including £4.1m (£3.74m) profit on sale of fixed assets.

The net interim dividend has been effectively held at 4p—in the last full year the equivalent 4.75p was paid after adjusting for a one-for-one scrip. Half-time earnings per 25p share fell from an adjusted 18.8p to 8.5p.

Over the next few months Mr

Grayson, chairman, says he will be continuing his review of group activities. After a period when the company has expanded dramatically by acquisition, he feels that it is timely to examine corporate strategy in order to maximise profitability from existing resources.

The directors have recently appointed Kleinwort, Benson and James Capel as financial advisers and stockbrokers respectively. Following Mr Halsey's announced resignation as chairman in August, the directors are conducting a review of group management and board structure.

The property division contribution fell from £4.5m to £1.2m—Mr Grayson says he has particularly concentrated his review to this area in recent weeks.

The full year contribution from California is likely to fall because the phasing of the development programme means a gradual profits build up over the next two or three years—well advanced, they say, and will be substantially complete by the end of the financial year.

They report that, as stated in the annual report, the benefits will not become apparent until the next financial year but they expect the losses for 1983-84 to "show a noticeable reduction on the previous year."

The cash position has improved in the first half, primarily

He adds that consideration may be given to offers for industrial sites before development commences.

The mining division—where profits slipped from £5.3m to £4.2m—45 performing satisfactorily says Mr Grayson, considering the more difficult market conditions in which it is operating. The oil division also continues to perform satisfactorily with profits at £231,000 (£228,000).

Construction activities performed well in a market place where order books are difficult to fill. In Iraq all contracts will be completed by the year end. Recently a contract worth £10m has been won in Abu Dhabi.

Pre-tax profits were struck after associate losses expanded from £0.42m to £1.53m. This included pre-tax losses from Rand London Corporation of £1.32m (£1.22m) compared with £0.3m (£1.57m) on turnover of £15.0m (£25.33m). The coal division was hardest hit with decreased profits.

Another associate, Rand London Coal, turned in higher pre-tax losses of £3.47m (£2.4m) on turnover down from £7.4m to £5.53m.

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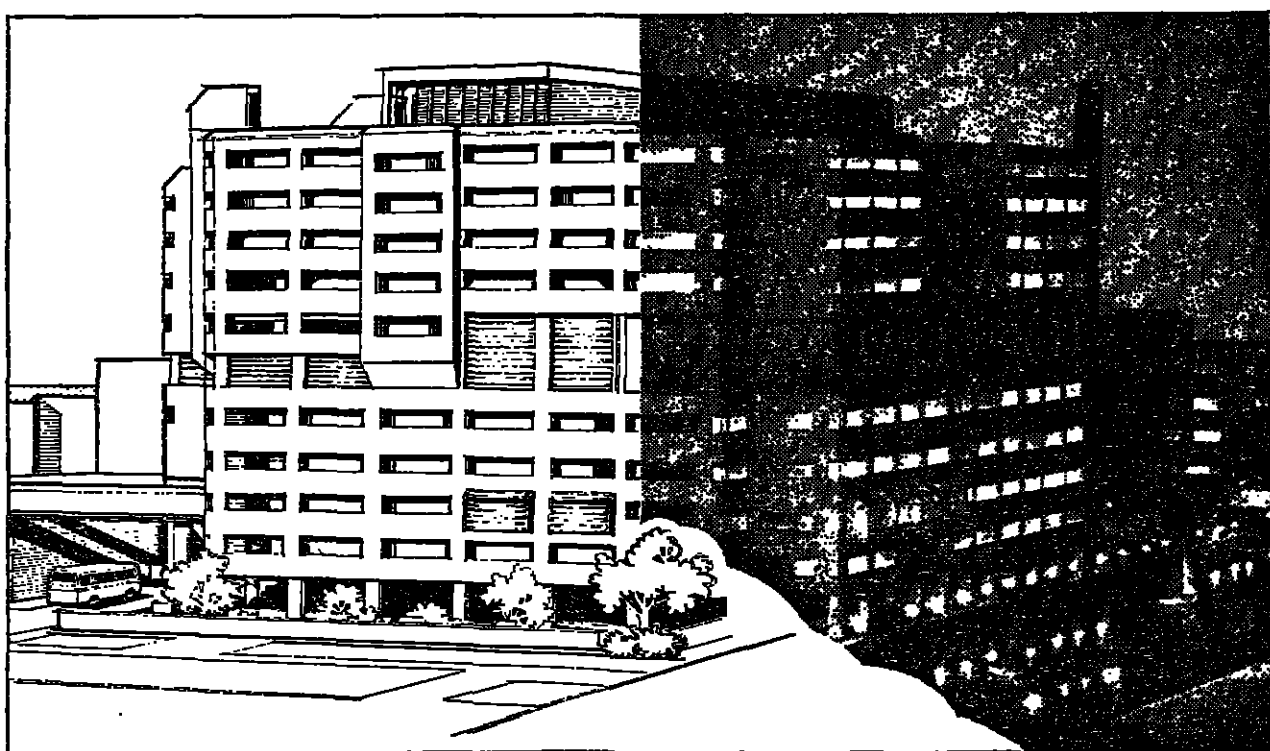
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French Kier builds good results



The £21M St. Mary's Hospital redevelopment contract was awarded to French Kier Construction Limited.

J. C. S. Mott, F. Eng., F.I.C.E., F.I.Struct.E.
Chairman reports on six months to 30th June 1983

* Group profit up 16% to £5.65M (1982 £4.85M)

* Group turnover up 10% to £118M (1982 £107M)

* Interim dividend up 16% to 1.45p (1982 1.25p) (payable 5th January 1984)

* Earnings per share up 16% to 6.4p (1982 5.5p)

* Group order book maintained at satisfactory level

* Outcome for the full year will be not unsatisfactory

French Kier Holdings Public Limited Company
50 Epping New Road Buckhurst Hill Essex

Architects - Lilwyl-Davies and Weeks
Quantity Surveyors - Gardiner & Theobald
Consulting Engineers (Structural) - Ove Arup & Partners
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RESULTS 6 months to 6 months to Year to (unaudited) 30.6.83 30.6.82 31.12.82

Turnover £118M £107M £257M

Profit before tax £5.65M £4.85M £12.44M

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Earnings per share 6.4p 5.5p 15.3p

(The audited profit and loss account for the year to 31.12.82 is an extract from the latest published accounts which have been filed with the Registrar of Companies. These accounts contain a qualified audit report highlighting a material understatement of turnover in a previous period in relation to a joint venture in Iraq. The auditors concurred with the Directors' view concerning this provision.)

French Kier Holdings Public Limited Company
50 Epping New Road Buckhurst Hill Essex

FK works worldwide

London & Edinburgh tender offer to raise £7.5m

Barclays Merchant Bank publishes the prospectus today of the offer for sale by tender of 6,615,000 ordinary shares of 10p each of London and Edinburgh Trust at a minimum price of 150p per share.

LET develops business parks and commercial and retail properties in London and the South-east England, limiting risk through the issue of 5m new shares.

Net assets per share, adjusted for the new issue, are 82p according to the prospectus. The prospective p/e on an estimated effective tax charge is 9.4.

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Hanover Warnford Invests

INCLUDING A first time contribution from estate agents Druce and Co., which was well ahead of expectations, pre-tax profits of Hanover Investments (Holdings) more than doubled from £101,000 to £208,000 for the six months ended August 31, 1983.

The interim dividend is being lifted from 0.7p to 0.77p net on the enlarged share capital.

Earnings emerged at 3.02p (£0.77p)—pre-tax profits for the whole of the 1982-83 year totalled £175,000.

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UK COMPANY NEWS

MINING NEWS

Anglo now faces a less prosperous second half

BY KENNETH MARSTON, MINING EDITOR

RESULTS for the first half of the financial year to next March from South Africa's Anglo American Corporation mining and industrial finance group show a useful increase over those of the same period of last year, but the signs for the second half are less propitious.

In the latest six months to September 30, attributable profits before extraordinary items have risen 5.5 per cent to £330.5m (£328.7m) from £309.4m in the same period of 1982.

Adding in an unexplained extraordinary credit on the latest occasion of £10m, against a debit a year ago of £4.1m, gives a half-year earnings total of £339.5m against £305.3m. Earnings for the full year to last September amounted to £650.4m, after extraordinary debits of £14.1m.

Anglo is declaring a main

dividend of 35 cents; the previous year's final was 75 cents.

Share of net profit of 82.1 pence per share, compared with 79.4 pence a year ago.

Dividend income in the first half has been boosted by the gold investments together with two dividends received from Kameberg Platinum Holdings as a result of the latter's change in its annual accounting period to June 30 from August 31.

Increased earnings at Anglo American Properties have offset a fall at Anglo American Coal Corporation to leave a net improvement in group trading profits.

On the other side of the coin, share dealing profits have dwindled from those of a year ago, and higher interest rates in South Africa have lifted the group's own interest payments.

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APPOINTMENTS

Trafalgar House chief executive

Mr Eric Parker has been formally appointed as chief executive of TRAFALGAR HOUSE, the shipping, construction and energy group which, given clearance by the Monopolies Commission, is expected to mount a new bid for Peninsular & Oriental Steam Navigation early next year.

The post has been vacant since March when Lord Matthews resigned as chief executive in order to concentrate his interests on Fleet Holdings, the newspaper and publishing group. Mr Parker, who joined Trafalgar in 1966, assumed the chief executive's role in addition to his responsibilities as group managing director and it has now been decided to merge the two posts.

A chartered accountant by training, Mr Parker was appointed director of finance and administration in 1969 and was made managing director eight years later.

Following the retirement of Mr R. Collingwood in September, H. SAMUEL has appointed Mr A. S. Edgar as chairman. He is the son of former chairman and managing director, Mr R. S. Edgar and is a great grandson of Harriet Samuel, founder of H. Samuel. Mr Keith Tamplin, currently chairman of the Law Society, has been appointed a non-executive director.

WEEKS ASSOCIATES has appointed two directors to the group board. Mr Kenneth Tans, managing director of the group's specialist agricultural machinery subsidiary will have particular responsibility for group strategy in the agricultural operations. Mr David Emmet, managing director of the industrial products distribution subsidiary, will have special responsibility for developing the group's distribution activities.

Buying chief at Woolworth

Mr Richard Bettinson is to join F. W. WOOLWORTH on December 1 as head of the buying division for wines and spirits, tobacco, toiletries and all other fast moving consumer goods. He was until this appointment buying director of Keymarkets.

After serving as group secretary (designate) since joining HENRY BOOT in 1982, Mr Peter Hawley has now been appointed group secretary and company secretary to the parent company board on the retirement of Mr Bert Miah. Prior to joining Henry Boot he was secretary of the National Building Agency.

WESTLAND ENGINEERS, garage door manufacturer, has appointed Mr Paul L. Smith as sales director from December 1. Formerly general sales manager, he has been with Westland Engineers since 1977 and joined the Westland Group in 1981.

First Chicago Bank makes changes

THE FIRST NATIONAL BANK OF CHICAGO has reorientated the international capital markets group of its financial products department. The group continues under the direction of Mr William G. Curran, vice president, responsible for the merchant banking activities of First Chicago.

Mr Peter J. Donald, vice president and managing director, Global Securities, will remain in London where he will have responsibility for securities activities worldwide. Mr Donald was previously head of the international corporate finance division. Mr Thomas H. Hodges, vice president and managing director for finance and administration for the group, will be based in London. He was division head, corporate finance, and president, First Chicago Leasing Corporation in Chicago. Mr Ronald Knestrum, vice president and managing director for Asia, will assume responsibility for continuing the development of merchant banking business in Asia.

Mr Michael E. Meissner, vice president and managing director of Europe, Middle East and Africa, will be based in London with responsibility for marketing and business development. Mr Samuel A. Yohal, vice president and managing director of Latin America and Canada, will be based in Chicago. Mr Yohal previously served as senior partner and director of Leslie, Weinert and Yohal, Inc.

Unilever NV to have new chairman

Mr R. F. van den Hoven is to retire as chairman of UNILEVER NV and vice-chairman of Unilever plc at the annual meetings in May. Mr P. A. Smitters is to succeed him as chairman of Unilever NV and as a vice-chairman of Unilever plc. He has been a director since 1974. Mr M. R. Angus, currently the Unilever director with special responsibility for North America, is to be a vice-chairman of Unilever plc and a member of the three-man chief executive committee. Mr J. D. Keir, a joint secretary of Unilever plc and Unilever NV, will retire at the annual meetings in 1984. Mr M. D. Sazali, at present head of legal services, Unilever plc, will be appointed a joint secretary of Unilever plc and Unilever NV in succession to Mr Keir.

GOOD NEWS FOR THOSE WHO DON'T WANT FLUCTUATING INTEREST RATES TO SPOIL THEIR PROFITS

In the past, your hard-earned profits might have been eroded by fluctuating interest rates and there seemed nothing that you could do about it.

Sometimes, it seemed no matter which way the rates went, it hit you below the bottom line.

But using the IMM can ensure you are still smiling, even after fluctuating interest rates have been taken into account.

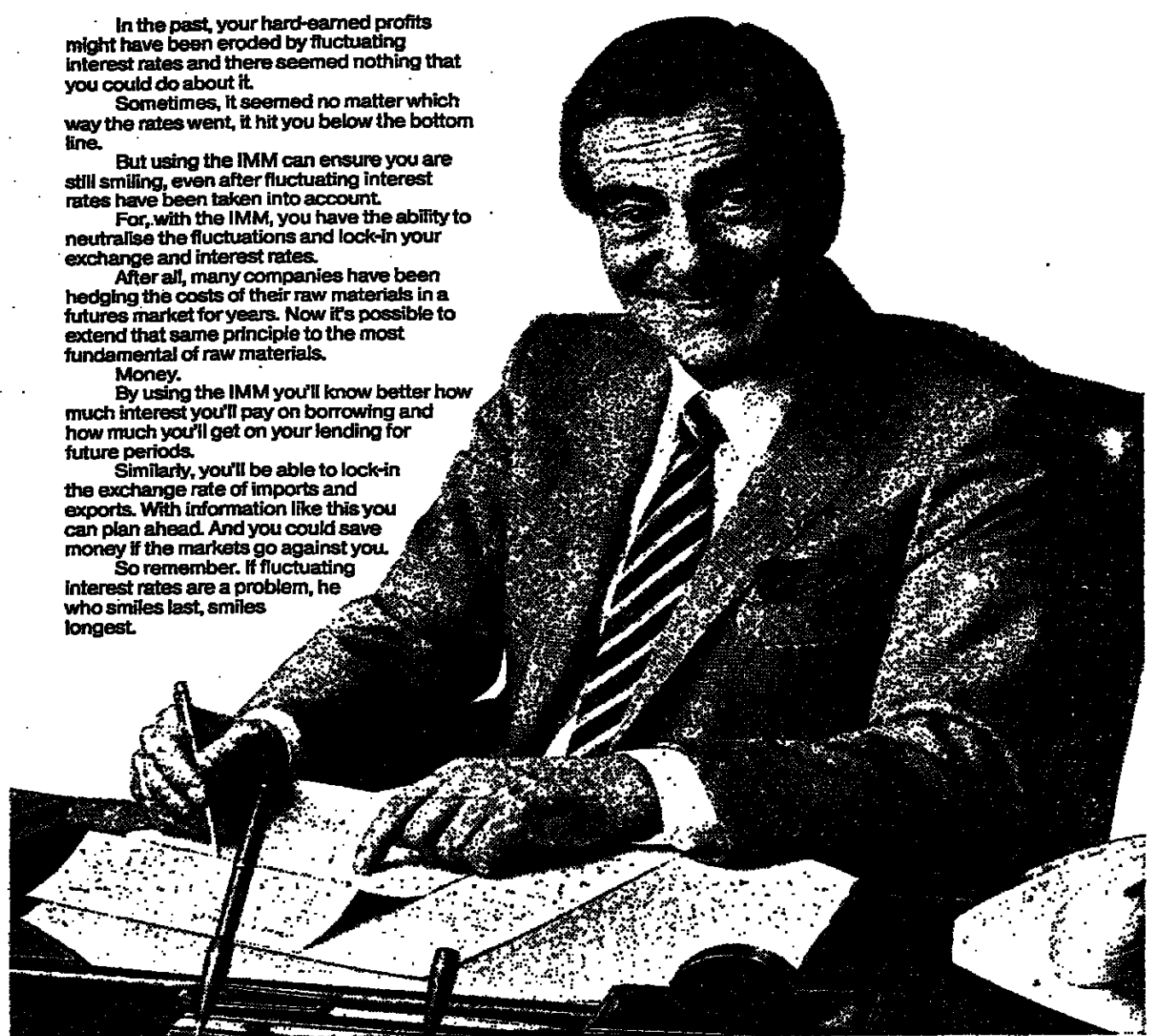
For, with the IMM, you have the ability to neutralise the fluctuations and lock-in your exchange and interest rates.

After all, many companies have been hedging the costs of their raw materials in a futures market for years. Now it's possible to extend that same principle to the most fundamental of raw materials.

Money. By using the IMM you'll know better how much interest you'll pay on borrowing and how much you'll get on your lending for future periods.

Similarly, you'll be able to lock-in the exchange rate of imports and exports. With information like this you can plan ahead. And you could save money if the markets go against you.

So remember, if fluctuating interest rates are a problem, he who smiles last, smiles longest.



INTERNATIONAL MONETARY MARKET

IT'S NICE TO KNOW WHERE YOU STAND

For more information about how the IMM can be of use to you and for a full list of members, please contact Keith Woodbridge or Richard Hecking, 27 Throgmorton Street, London, EC2N 2AN. Telephone: 01-920 0722 Telex: 892577 IMM LON G

Uranium problem for TCL

THE FUTURE of by-product uranium production from Southern Africa's Harmony and Rhyolite gold mines has been called into question by Mr R. S. Lawrence, chairman of the holding company Transvaal Consolidated Land (TCL).

Mr Lawrence said in his latest annual statement that uranium production will continue in the year ahead, but lower profits are expected.

He added: "In the light of

unexciting prices and estimated future production costs, their roles as uranium producers will have to be reassessed."

The group has several other problems at present. The gold mines are running at or near full capacity, so that the scope for further reductions in working costs is restricted, and there are also fears that the continuing drought conditions might cause reductions in electricity supplies.

Apart from that, lower contributions are expected from the

important coal interests and the chrome operations.

Mr Lawrence concluded by warning shareholders that the increasingly volatile conditions under which TCL operates may have to be taken into account when dividends are considered.

This, he said, means that dividend payments may have to fluctuate in sympathy with the changes in the fortunes of the various group operations and the need to fund capital expenditure commitments.

Mr Michael Wymes, managing director, believes that metal markets have turned the corner, and that the mine would be profitable.

The bulk of the Navan orebody belongs to Tara Mines, which itself has debts of £102m. The Irish Government, which owns 49 per cent of Tara, would prefer to see an agreement between the two companies under which the orebody would be mined by a single operator, but Tara would apparently only be interested in a straightforward takeover of Tara without its liabilities.

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Bula Mines more optimistic

AFTER a 10-year battle, Bula Mines of Ireland now believes that it may be able to bring its lead-zinc orebody at Navan, County Meath, into production.

The company has at last been granted planning permission to develop the deposit, of which Bula owns part, and believes it can secure refinancing to support a development programme which is expected to cost £50m (£47m), reports Brendan Keenan in Dublin.

However, the planning permission covers underground mining only, and some observers doubt

the viability of the deposit if it cannot be exploited by an open-pit operation.

Bula recently agreed to pay £15m which it owes to the Northern Bank Finance Corporation, a subsidiary of Midland Bank, by next February, and its total debts are thought to exceed £10m.

The planning permission may ease the company's problems, but its success will depend on the strength of metal prices after 1986, when the mine could be expected to come into production.

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Extel GROUP

DRAMATIC IMPROVEMENT

INTERIM RESULTS (unaudited)	Six Months to 30th Sept. 1983 £000's	Six Months to 30th Sept. 1982 £000's	Year to 31st March 1983 £000's
Turnover	69,607	57,889	125,837
Profit before taxation	5,157	1,574	6,033
Taxation	2,241	648	3,178
Earnings per share	14.3p	4.6p	14.4p
Dividends per share	3.0p	2.5p	10.0p

Note: Corresponding figures have been restated to reflect the merger with Benn Brothers plc.

- * High activity by Burrups Printing Group in financial and commercial markets.
- * Further rapid progress by Digital Microsystems in America and U.K.
- * First contribution from publishers Benn Brothers.
- * Extension of interest in provision of sports news services.
- * Continuing progress expected.

Alan B. Brooker, Chairman.

SPORTS NEWS SERVICES • ADVERTISING AND PUBLIC RELATIONS
PRINTING • FINANCIAL AND BUSINESS INFORMATION
PUBLISHING • COMPUTER SYSTEMS

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Extel House, East Harding Street, London EC4P 4HR.

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BIDS AND DEALS

Mystery approach could lead to offer for Francis Parker

BY RAY MAUGHAN

A BID may be on the way for Francis Parker, the building materials and services and property development group. The board, headed by Mr Robert Francis, announced yesterday that one of its major shareholders had received an approach which could lead to a full offer for the entire share capital.

The statement was prompted largely by an intermittent share price flurry which had lifted the price since the middle of last week from 30p to 51p at last night's close, for a gain of 11p on the day. At this price, Francis Parker is capitalised at just over £13m.

The group, which has been the subject of periodic bouts of bid speculation in the past, sells building products and provides services across a broad spectrum of construction industry requirements, and after several difficult years, its profits have begun to recover quickly.

Helped by the debt reduction ensuing from the sale of its Southern Land subsidiary last year and a pronounced rise in

housebuilding activity, half-time profits climbed from £245,000 to £305,000.

For the full 1983 year the board has been looking for a substantial increase in profits—last year it produced £784,000 before tax.

Major shareholders include investors in industry, which has recently cut its stake from 19.5 to 18.4 per cent, Electra Investment Trust, which has a 7.3 per cent holding, and M and G Investment Management, which is thought to control an aggregate of about 9 per cent in various funds.

However, the chairman, who holds 20 per cent, is believed to have received the approach although this has not yet been confirmed by the group's financial advisers, Noble Grossart, its broker. Fielding Newsom-Smith,

Harvard withdraws share offer

Harvard Securities, the licensed dealer, has withdrawn

the proposed offer for sale of £3.5m worth of shares of Petroleum Mining Company because of the disappointing response.

Petroleum Mining, which proposes to "mine" oil using underground shafts drilled below the oil-bearing rock in Louisiana, planned to offer 5m 70p shares. Each share carried a warrant for a further share at 87.5p.

The shares would have been traded on the over-the-counter market made by Harvard and several other licensed dealers.

Scottish Cities Tst.

Net profits of the Scottish Cities Investment Trust moved ahead from £476,395 to £482,830 in the year to September 30 1983, equivalent to a rise from 14.2p to 14.4p per 25p share.

Net asset value was 463p at year end, and 465p at November 24 last.

The year's dividend is being lifted to 13.5p net, compared with 12.5p, by an increased final of 9.5p (5.5p).

TR unravels another trust cross-holding

BY CHARLES BATCHELOR

Touche Remnant, the UK fund management group, took a further step yesterday towards unravelling the cross-holdings in Property Investment Trust, with TR Industrial and General Trust, the group's biggest fund with £350m under management, placed its largest single holding, a £13.8m stake in the £58m TR Property Investment Trust, with about 20 institutions.

Stockbrokers De Zoete and Bevan made the placing at a special ex-dividend price of 106p per share compared with Wednesday's closing middle market cum dividend price of 113p.

Touche, which has nearly £2bn under management, is now more than halfway through its programme of eliminating cross-holdings started about 18 months ago. Six of its trusts have 15 holdings worth about £25m which still have to be unravelled.

Initial purchase

Initial textile rental and environmental care group, has acquired commercial and industrial security specialists, Arrow Security Systems as part of its policy of diversifying into additional areas of service to industry.

Initial has bought 90 per cent of the business for £450,000, including subscription of additional share capital, with the other 10 per cent being kept by the founder and vendor, Mr Ron Sutcliffe.

Arrow specialises in "Slow Scan" long-range television surveillance systems. CCTV and alarms together with process monitoring.

Initial intends to support Arrow's expansion in the area of high technology labour saving security and safety systems.

Wheeler's

Acceptances for the offer by Kennedy Brookes for Wheeler's Restaurants have been received in respect of 1.48m ordinary shares, equivalent to 96.73 per cent of the capital. The offer has been extended until 3.30 pm on December 21.

National Coal Board sells 30% Associated Heat shareholding

BY MAURICE SAMUELSON

The National Coal Board (NCB) has sold its 30 per cent stake in Associated Heat Services (AHS), which it helped to form in 1966 and which acquired a Stock Exchange listing in May 1982.

The NCB yesterday denied that it had been pressed to do so by the Government and called it "a one-off decision."

However, it is clearly in line with the Government's policy that publicly owned industries should have off interests peripheral to their main activities and which could be successfully managed in the private sector.

The NCB sold its 2.4m ordinary AHS shares yesterday, which were placed on the market by S. G. Warburg at a price of 3.12p per share. About two-thirds of the shares went to new holders rather than existing shareholders.

One of the NCB's other auxiliary companies J. H. Sankey and Son, a heating equipment and building materials supplier, could one day be a candidate for disposal.

NCB's holding in this company, which incurred an operating loss last year of £1.5m, is 60 per cent.

The NCB said yesterday that, as one of AHS's founders, it was pleased at its success and expected it to continue. "As the company's business is outside the NCB's main activity, the NCB feels that now is an appropriate time to dispose of its shareholding," it said.

The company's two NCB directors, Mr Donald Davies and Mr James Cowan, are to leave the AHS board, although ex-NCB chairman Lord Exor will remain as chairman of AHS.

According to Mr Alan Tweedale, AHS's managing director, the success of the company means that the original financial reason for the NCB's stake in creating it is no longer

valid. In its last financial year AHS made a pre-tax profit of £35m, on turnover exceeding £25m.

AHS acts as a contractor to operate heating plant on about 2,000 sites throughout the UK. About 25 per cent of the money it spends is related to coal burning and this year more than three-quarters of its new business is with customers switching to coal from oil and gas.

However, not all AHS's customers use NCB coal, and it also assists companies burning other fuels.

Mr Tweedale said that although AHS operated independently from the Coal Board, the sale of the Board's shares in it would enhance AHS's reputation in its "customers' eyes."

Hogg Robinson expansion

BY DAVID DODWELL

Hogg Robinson Travel, the wholly owned subsidiary of the Hogg Robinson insurance group, yesterday confirmed that it had purchased Wakefield Fortune Travel, the loss-making UK travel agency owned by Holland America Line.

Hogg Robinson is paying a mere £1.83m for Wakefield Fortune's 93 travel shops, which in 1982 generated a turnover of almost £90m. The low price tag is the product of four months of hard bargaining, and is indicative of the urgency with which the hard pressed Holland America Line needed to dispose of the business.

HAL recently revealed losses for the first six months of 1983 of £16.8m (£11.2m). This compared with losses for the equivalent period in 1982 of £2.3m, and prompted the company to "take necessary steps" to sell "certain assets."

Mr Brian Perry, managing director of Hogg Robinson Travel, said yesterday that the

acquisition would give the group a nationwide coverage, with 189 outlets in a total of more than 100 towns.

He said Wakefield Fortune made losses before tax in 1982 of £1.7m and he did not expect the company to return to profits until the end of 1984.

The acquisition will correct a strong southern bias in Hogg Robinson's operations.

Unlike Wakefield Fortune, however, Hogg Robinson remains a profitable company. The group made a pre-tax profit of £550,000 in the year to March 31 1983 after losses attributable to recently acquired companies were taken into account. In the previous year, profits stood at about £1.5m, and it is thought that profits will rise above £2m in the current year.

Hogg Robinson now stands as the UK's second largest travel agency group in turnover terms with current annual sales of about £250m for the combined group.

Tecalemit urges rejection

SHAREHOLDERS in Tecalemit will today be sent full details of the garage equipment board's defence of the £18.3m bid from Siebe Gorman, before the offer reaches its final closing date on December 2, but in the meantime, they are strongly advised to reject the terms or to withdraw any earlier acceptance.

Tecalemit considers that the final offer does not reflect its "substantial profit recovery or forecast increased dividends."

Siebe's offer also represents a significant discount on asset value" and accepting shareholders of the all share offer would suffer "a substantial decrease in annual dividend income."

Siebe, the protective clothing and safety equipment manufacturer, took its £18.3m contested bid for Tecalemit further forward when it acquired another 1m shares in the garage equipment group.

The shares were picked up at 50p which equates with the 49.5p per share cash alternative and the interim dividend which, accepting Tecalemit shareholders will keep.

The shares were acquired half from an undisclosed nominee holder and half piecemeal in the market. This addition means that Siebe can now speak for 19.7 per cent of Tecalemit's equity. The offer reaches its final closing date on December 2.

DoT consent expected for Allianz

THE Department of Trade and Industry was reaching its conclusions yesterday on the change of ownership by Eagle Star to Allianz, Versant, West Germany's largest insurer.

Under insurance legislation the new management of a British insurance group has to be approved by the DoT before a deal can go ahead. The DoT has no objection to Allianz taking over Eagle Star and the only member of the Allianz board who needed final approval was Dr.

Wolfgang Schieren, chairman of the management board.

Consent is expected to be given and no objections raised by the DoT which will leave Allianz free to make its next move in the takeover battle for Eagle.

The £802m offer from Allianz has already been extended until 3 pm today and it is expected to make an offer exceeding the agreed £796m bid by RAT Industries.

Transvaal Consolidated Land and Exploration Company, Limited

(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

Abridged Chairman's statement for the year ended 30th September, 1983

When viewed against the background of the deepest recession in the last half century, your company's 24 per cent increase in earnings per share must be cause for satisfaction.

When viewed against the background of the deepest recession experienced by the world's industrialised countries and by South Africa in the last half century, your company's 24 per cent increase in earnings per share to 782 cents for the financial year ended 30th September, 1983 must be cause for satisfaction. It was possible to raise total dividends for the year by 20 cents to 280 cents per share.

The reasons for your company's improved performance lie mainly in two areas. First, the company acquired the mining related business of Rand Mines Limited, with effect from 1st January, 1983, in exchange for the issue and allotment of 2 580 000 fully paid shares. The technical, administrative and financial services formerly provided by Rand Mines are now provided by the company's wholly-owned subsidiary, Rand Mines (Mining & Services) Limited. Included in the acquisition was a portfolio of shares, mainly in the company's associated gold and uranium mining companies, and additional shares in its listed coal mining subsidiaries. The gain to the group from the provision of these services to the company's associated and subsidiary companies and from the receipt of additional income and dividends during the nine months to 30th September, 1983 was R15.3 million. Secondly, the average gold price realised by producers in rand terms was considerably higher than in the previous year. Dividends received in respect of the group's gold interests, other than those acquired from Rand Mines during the year, rose by R5.8 million or some 43 per cent.

Consolidated profit attributable to members increased by 52 per cent to R82.6 million.

Gold and uranium

Domination of the gold price by economic and financial considerations continued during the year. It confirmed a major structural change in gold markets. Price movements were exaggerated by short term speculation and forward covering. Interest in gold as a store of value was limited and demand for industrial and fabrication purposes waned.

In the first five months of the year, the gold price showed an upward trend but poor physical demand for gold and bearish chart indications, together with extensive stop-loss selling by speculators shortly before mid-year depressed the price.

The uranium market is still suffering from an excess of supply over demand.

In the four quarters ended 30th September, 1983, the company's associated gold and uranium producers again increased their tonnage of ore milled. Despite a fall in the average grade, the quantity of gold despatched rose marginally over that for the previous four quarters. Production of uranium oxide was slightly higher than in the previous year. Revenue rose as a result of enhanced receipts from gold sales. Although costs rose, productivity was again improved and the increase in working costs per ton milled was well contained. Total profits of the four associated mining companies available for appropriation rose from R194 million to R252 million. Work was resumed on the ventilation shaft in the twin shaft complex at Harmony but capital expenditure on Durban Roodepoort Deep and East Rand Proprietary Mines was curtailed. Total capital expenditure on these four mines was considerably lower than in the previous twelve months.

The plant at Crown Mines which recovers gold from sand dumps and slimes dams was commissioned early in the year. Commissioning problems proved to be more intractable than had been expected and operating costs were adversely affected as a result. Despite good head grades, the tonnage of material treated, plant efficiencies and gold production fell short of expectations. However, working profits were realised throughout the year. Shortly before mid-year the operation began to earn profits after interest and amortisation. Estimates of the time required to commission a major plant incorporating much new technology proved to be too optimistic. Although some difficulties have yet to be overcome, there are good indications that in the year ahead the plant should be able to treat the planned 4.4 million tons of material at 70 per cent efficiency or better.

Coal

Local demand was adversely affected by a further decline in economic activity and the tonnage of coal sold to inland consumers fell slightly. The drought caused the Electricity Supply Commission - a very large consumer - to suspend or restrict operations at certain of its power stations. However, at Duvha power station, which is more water efficient than some of the others, the fifth generating set was commissioned during the year and the tonnage of coal sold by the Duvha opencast mine was higher than had been expected.

The increases in the pithead price of coal granted by the government were lower than the rate of inflation by an even wider margin than has been experienced in recent years.

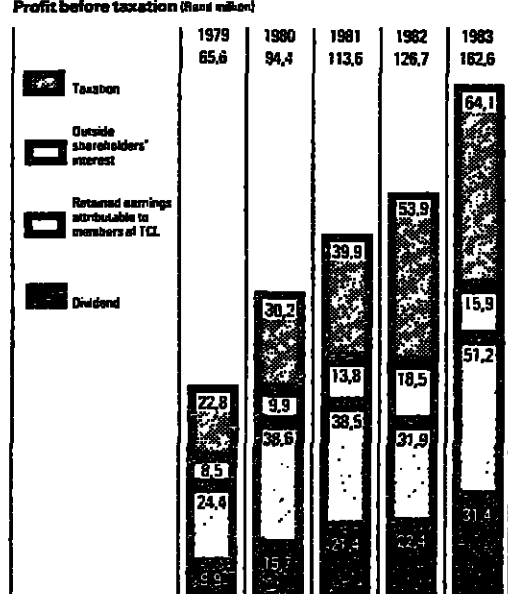
In the international market, there was a further decline in demand as users lowered their stock levels and adopted energy conservation measures. With a surplus of coal available throughout the world, and intense competition among suppliers, many consumers have deferred shipments and renegotiated contracts. The sharp fall in prices was in the case of the company's subsidiaries to some extent mitigated by the weakness of the rand and the effects of favourable exchange rates negotiated in terms of forward cover contracts.

Overall, the tonnage of coal sold by the group increased marginally with a small contribution being made for the first time by the Middleburg mine in which the group has a five per cent interest.

FEATURES OF THE GROUP RESULTS					
	1979 R000's	1980 R000's	1981 R000's	1982 R000's	1983 R000's
Turnover	207 420	289 013	379 980	423 820	496 496
Profit before taxation	66 565	94 410	113 603	126 364	162 588
Taxation	22 780	30 245	38 859	53 957	64 055
Normal	15 179	16 202	2 929	5 063	12 987
Deferred	7 601	14 043	36 930	48 904	51 068
Outside shareholders' interests	8 455	9 881	13 776	18 460	15 571
Profit after taxation and outside shareholders' interests	34 330	54 284	59 968	54 347	82 662
Earnings per share	470 cents	743 cents	786 cents	630 cents	782 cents
Dividends per share	135 cents	215 cents	260 cents	260 cents	280 cents
Dividend cover	3.48	3.46	3.02	2.42	2.79
Net asset value per share	2 373 cents	4 684 cents	3 855 cents	3 993 cents	4 481 cents

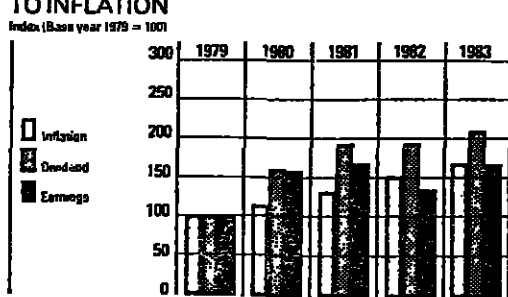
RESULTS AT A GLANCE

Profit before taxation (Rand value)



EARNINGS AND DIVIDENDS COMPARED TO INFLATION

Index (base year 1979 = 100)



The attributable profit arising from coal mining increased slightly when compared with the preceding year.

Base minerals

Chrome ore markets remained weak. However, the sales volumes of the group's mines improved slightly as a result of local ferrochrome producers increasing their output. The decline in the export market continued during the year.

Foreign and South African producers of chrome ore remained in fierce competition for market share in circumstances where worldwide demand was significantly reduced. This resulted in a further reduction in export prices.

A further rationalisation of production of chrome ore was undertaken on the group's mines in the light of prevailing market conditions. Production ceased at the end of March, 1983 at Millseil, one of the group's mines near Rustenburg which produces sophisticated chrome ore grades mainly for the export market. The mine has been placed on a care and maintenance basis pending a revival in the export market for foundry sands.

The losses incurred by the group's chrome mines increased in comparison with last year.

The Marico Fluorspar mine is still on a care and maintenance basis. Customers were supplied from the stockpile of acid grade concentrates and the mine recorded a small profit.

Exploration

Encouraging results have been achieved on a number of mineralised ore bodies exposed by development on the

precious metal claims in the Barberton area in which the company has a 50 per cent interest. The primary interest is gold. The occurrence is hydrothermal in origin. Highly mineralised sections exist as discrete lenses with interposed sections of almost barren host rock. Extraction of gold from the ore may prove to be difficult because of the complex mineralisation. An investigation of the extractive metallurgy likely to be applied in exploiting the deposit has recently been initiated. A decision whether or not to establish a small mine in the area will probably be made late in the new financial year.

Prospects

The performance of the gold market is extremely difficult to predict. Chartist and financial considerations are an important influence. For the time being, substantial real interest rates are available in the United States of America and inflation is a lesser threat than for many years. Political decisions in the United States and Europe in the next year could, however, lead to slightly higher inflation rates and in due course to a weakening dollar. It is therefore extremely difficult to forecast a trend in the gold price. Cost increases are eroding profitability. The South African authorities have given priority to curbing inflation but are operating under constraints imposed by unfavourable economic conditions and the drought. As productivity improvements on the company's associated gold mines have reached a high intensity, and the gold extraction plants are running at or near full capacity, the scope for further economies is greatly restricted.

The company's associated uranium producers will continue operations in the year ahead but lower profits are expected.

As a result of depressed economic conditions and energy conservation measures arising from the oil crises of the last decade, energy usage has fallen. It is unlikely that energy consumption will reach its former levels in the short term and thus a recovery in the international coal market is likely to be gradual. No material increase in domestic sales is foreseen in the short term. With costs rising and prices under severe pressure, a lower contribution from our coal mining operations is expected in the year ahead.

Demand for chrome ore in the export market is likely to fall below that of the past year as consumers worldwide are either over-stocked or have already taken advantage of the availability of cheap ores, including stocks of Transvaal chrome ore. Countering this weak export demand, there is some optimism among local ferrochrome producers who foresee an increased demand for their products. On balance, with the very slow recovery of the world economy and the heavily stocked position of consumers of chrome ore abroad, prospects for the coming year are poor.

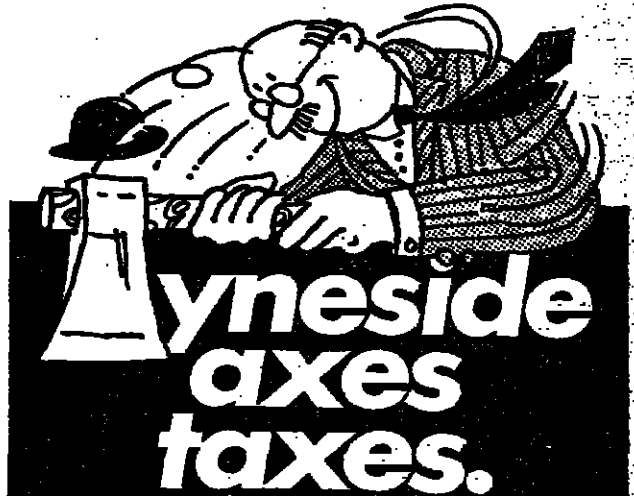
Taking all these factors into account, forecasting group earnings is a difficult task. Unless there is a substantial increase in the gold price or a faster rate of recovery in the developed economies than is expected, I think that we will achieve results which are slightly lower than those of last year.

Dividend policy

In the increasingly volatile conditions under which the group will operate as the world economy moves from one phase to another, it may not be possible to maintain the relatively stable pattern of dividend distribution which has been followed in recent years. The profits of the underlying operations will, the board believes, tend to fluctuate more than they have in the past. This cannot be ignored when the level of distribution is considered and dividends may therefore also fluctuate in sympathy with the fortunes of the various operations and the need to fund capital expenditure commitments.

R. S. Lawrence
Chairman

Johannesburg
15th November, 1983



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SECTION III - INTERNATIONAL MARKETS
FINANCIAL TIMES

Friday November 25 1983

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COMMODITIES 38
CURRENCIES 39
INTERNATIONAL CAPITAL MARKETS 40

TOKYO

Copyright
concern hits
computers

A FIRM opening in Tokyo yesterday, with interest centring on blue chips, gave way to light selling as Hitachi and Fujitsu were hit by uncertainty over the IBM software copyright problem, writes Shigeo Nishiwaki of Jiji Press.

Prominent among gains were Matsushita group issues, however.

The Nikkei-Dow market average, which opened nearly 25 points above Tuesday's close (the market was closed on Wednesday for a national holiday), fell back to under 9,400, off 43.02 points to 9,373.54. Volume shrank to 241.22m shares from Tuesday's 283.36m.

As in the previous session, prices rallied sharply at the outset, led by blue chips, although there was no particular purchasing incentive.

In mid-morning the market started to crumble as Fujitsu and Hitachi suffered selling, triggering a bout of small-lot selling of other quality issues.

The market was distressed by the news that Fujitsu had received a warning from IBM against violating software copyright. Fujitsu shed Y110 at one

point, but rallied to close the day Y60 down at Y1,210. Hitachi also fell to Y708, but later more than recouped the loss to end Y5 up at Y915.

Of the blue chips closing lower on light selling, Fuji Photo Film retreated Y10 to Y2,040, NEC Y10 to Y1,320, TDK Y40 to Y4,880 and Honda Motor Y20 to Y1,050. Matsushita group companies were resilient, with Matsushita Electric Industrial climbing Y40 to Y1,810 - this year's high - and Kyushu Matsushita Electric Y90 to Y2,780.

Elsewhere, forerunning speculative issues lost ground, with Aoki Construction shedding Y33 to Y883, Arabian Oil Y250 to Y4,840 and Dai-Nippon Pharmaceutical Y150 to Y2,510. But some small-capital issues strengthened, with Clarion gaining Y14 to Y874 and Japan Radio Y27 to Y880.

U.S. markets were closed yesterday for Thanksgiving. Release of money supply data has been postponed from today to Monday.

Nippon Gakki and Yamaha Motor suffered from news of a propane gas explosion at one of the Yamaha group's leisure facilities. Nippon Gakki lost Y20 to Y610 and Yamaha Motor Y15 to Y485.

The bond market eased amid growing concern over recent price rises. The yield on the benchmark 7.5 per cent long-term government bonds, maturing in January 1993, rose to 7.63 per cent from Tuesday's 7.60 per cent in light selling as the belief spread that the Trust Fund Bureau would start selling government bonds.

AUSTRALIA

Industrials
pioneer
way to peak

INDUSTRIAL STOCKS reached a record high in Australia yesterday while the all ordinaries index, 112 ahead at 733.2, came within striking distance of its all-time peak of 746.3 set three years ago, writes Michael Thompson-Noel in Sydney.

The recently held belief that mining and resource stocks were temporarily overvalued has disappeared. With prospects for the domestic economy looking better and local interest rates still falling, brokers said yesterday's determined rally was further aided by improved signals from Wall Street and the higher London copper price.

The industrial index gained 11.8 to a record 651.5; metals gained 16 to 582.6; and the oil and gas index was 7.9 higher at 707.8.

The banks and finance sector also prospered, with a 2 per cent rise in its index of 21.9 to 1,088.1. National Commercial at AS3.80 ex-dividend and Westpac at AS3.85 both gained 10 cents, while ANZ put on 6 cents to AS5.94.

The markets have enjoyed a virtually uninterrupted bull phase since Mr Bob Hawke's Australian Labor party came to power in March. Its conservative pro-business stance and cautious budget in August have revitalised the markets.

The breaking of Australia's costliest drought was another key factor, with the net value of farm production in 1983-84 expected to improve by 120 per cent to AS2.44bn (U.S.\$2.24bn).

Yesterday's star performer was market leader BHP, up 15 cents to a year's high of AS13.35.

Oil and gas issues were mixed, with Woodside Petroleum 2 cents lower at AS1.25, although Santos reversed early losses to finish 10 cents stronger at AS6.02, while Bridge Oil gained a similar amount to AS5.20.

Gold improved marginally, with properties, brewers and retailers rising in the general price spiral.

NEW ZEALAND

Forestry
is focus
of frenzy

A FRENZY of activity has taken the New Zealand share market to new heights over the past week, with the share index jumping more than 50 points in one day and reaching a height of 1,225, more than double its 580 mark a year ago, writes Dai Hayward in Wellington.

The activity was generated by the successful bid by New Zealand's two food giants, the Wattie and Goodman groups, to acquire a 24.9 per cent stake in the country's second largest company, NZ Forest Products.

Their entry into the market came a week earlier than planned, but their hand was forced by the entry of a mysterious buyer who, through Auckland broker Paine Belcher, announced a bid for 2m shares in NZ Forest Products.

The competition shot NZ Forest Products shares up from NZ\$5.58 to NZ\$6.81 with some private sales negotiated at NZ\$6.90.

These persistent indications of buoyant market activity - a few weeks back it was oil exploration hopes which produced a mini-boom - run counter to a prediction by Mr Robert Muldoon, the Prime Minister. He warned last week that prudence indicated that the share market, which was already at record levels, should not go much higher.

This week he again issued a warning, particularly to small investors, to be prudent. He said yields were as high as they should be and large investors who considered this would ease back on their share buying.

Continued on Page 32

SINGAPORE

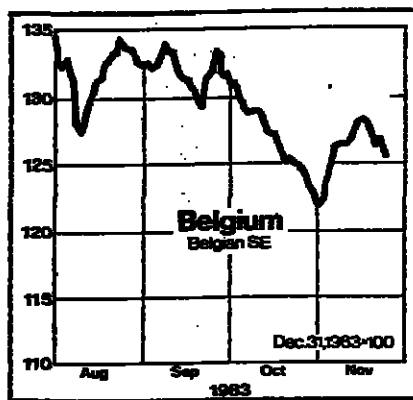
THE SIDELINES were packed with Singapore investors yesterday as next week's meeting on Malaysian constitutional amendments weakened resolve sufficiently to push the Straits Times industrial index 8.01 lower to 942.05. Declines outnumbered advances by 110 to 24 while 383 stocks were unchanged.

In industrials, Promet was the most active stock of the session and dropped 6 cents to S\$3.96. Cement issues sustained heavy losses, such as PMC, 40 cents lower at S\$6.55 after announcing lower first-half profits. Malayan Cement fell 35 cents to S\$8.

CANADA

BASE METAL issues moved higher in Toronto, while oil and gas shares firmed. Golds proved to be particularly weak.

Banks continued to be a weak Montreal spot, while utilities, industrials and papers were steady.



EUROPE

Admirable
showing in
adversity

THE BEST was made yesterday of a clutch of generally unfavourable factors for the European bourses - ranging from a strong dollar and interest rate firmness to the occupation of the Dutch market by public sector workers protesting the imposition of wage cuts.

Brussels was beset by continued reaction to the one-point rise in the Belgian discount and Lombard rates announced by the national bank on Wednesday, with buying interest already restrained by several rights issues. But the general index slipped just 0.51 to 125.44, although now well off its peak for the year of 134.43 reached in August.

Among steels, Arbed shed BFr 42 to BFr 1,152 and wire maker Bekaert BFr 50 to BFr 2,920. In chemicals, Solvay was off BFr 50 at BFr 3,210 but UCB managed a BFr 85 gain to BFr 4,085. Of the utilities, Ebes stood out with a BFr 60 fall to BFr 2,280.

Rights issue - adjustments brought a further BFr 25 rally for Groupe Bruxelles Lambert at BFr 2,025, but a slide of BFr 70 more in Electrolab at BFr 5,960.

Enthusiasm turned selective in Frankfurt, as rumours of disappointing figures due from Mannesmann knocked DM 4 from the engineer's stock at DM 123, and profit-takers made themselves felt elsewhere.

But Daimler, bought eagerly for its pending rights, put on DM 8.50 to DM 698 in an otherwise dull vehicles sector. BMW fell DM 3 to DM 420.50 and Volkswagen held at DM 209.80.

Banks were prone to jitters surrounding the spate of recent corporate failures. While Commerzbank dipped DM 1 to DM 166, its index of 80 market leaders jumped 7 to 1,019.5. The Esch resignation had little clear impact.

With the 2 1/2-hour Amsterdam hold-out of the way, small upward movements were the norm. Features were insurer Amfas, with a F1 16 surge to F1 170, as Nat-Ned prepared its offer worth F1 160 a share, while the prospective parent itself put on F1 4 to F1 180. On Wednesday, both had eased F1 1.

Operations continued happily to take up buying positions on the second day of the Paris account. The revival of activity is also being prompted by a year-end deadline for tax incentives allowed to private investors. Gains yesterday reached double the number of falls.

Among the best were Midi, up FFf 123 at FFf 1,350, and Matra, FFf 85 ahead at FFf 1,085. Peugeot trailed with a FFf 4 fall to FFf 209. Financials, foods and stores were identified as the sectors to benefit most.

Bonds were under pressure from expectations of an imminent state loan to raise up to FFf 15bn with a maturity of as much as 18 years.

Nestlé's profits outlook gave it the best of the Zurich gains. SwFr 105 stronger at SwFr 4,425, while Jacobs Suchard firmed SwFr 50 to SwFr 6,550. Chemicals corrected Wednesday's divergent movements: Sandoz recouped SwFr 50 to SwFr 7,050 and Hoffmann-La Roche slid SwFr 375 to SwFr 99,625.

Domestic bonds were little changed. Milan again viewed Italcementi with disfavour, taking it L895 down at L42,605, in a day which left leading issues weaker but gave good gains to some less prominent ones. Holding company Invest put on L12 to L3,052.

Treasury paper showed slight fluctuations either side.

A second weaker Stockholm session was halted by a buying revival just before the close, leaving the resulting picture mixed. Alfa-Laval shed SKr 10 to SKr 275, but Aga firmed the same amount at SKr 350. Asea was steady at SKr 400 as its results emerged sharply higher.

A lacklustre Madrid showed Dragados 4.5 points lower at 119 per cent of nominal value.

LONDON

Obstacles
overcome
by Boots

BETTER than expected results from Boots, the retail chemist chain, combated a vast array of inhibiting influences in London yesterday and left the FT Industrial Ordinary index 2.4 higher at 726.8.

After a 24.5 per cent increase in first-half profits, Boots gained 10p to 174p after touching 174p, while an excellent interim report from Exel, up 50p to 418p, strengthened the equity sector.

End of account factors, combined with a recent economic review challenging the Treasury's projections on recovery and a Confederation of British Industry warning on tax increases, stifled investment generally.

Profit-taking was evident in gilts, with shorts mixed and longs down by 1/4. Details, Page 33; Share Information Service, Pages 34-35.

HONG KONG

THE ABSENCE of any positive factors unsettled early firmness in Hong Kong and sent prices lower, forcing a 10.22 drop in the Hang Seng index to 823.75.

Turnover, at HK\$71.29m, was marginally ahead of the previous half-day session.

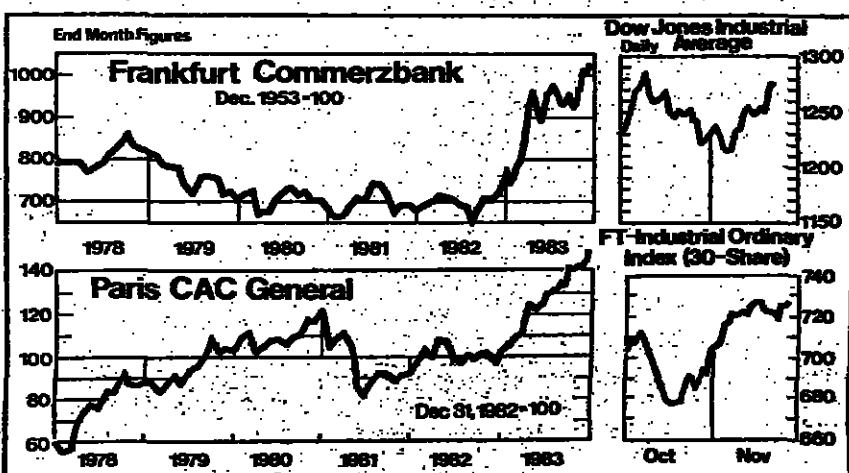
Hutchison Whampoa shed 40 cents to HK\$12.70, Jardine Matheson fell 20 cents to HK\$10.80 and Wheelock Marden lost 3 cents to HK\$2.82. Hongkong and Shanghai Bank was unchanged at HK\$36.90, Overseas Trust Bank slipped 10 cents to HK\$2.65, while Hang Seng surrendered 25 cent to HK\$35.25.

SOUTH AFRICA

LOCAL INSTITUTIONS stimulated Johannesburg gold mine stocks yesterday, despite a barely changed bullion price, with Buffels R1.50 higher at R55 and Randfontein R2 firmer at R145.

Anglo-American put on 10 cents to R19.40 as the group declared first-half pre-tax profits of R349m against R322m and an identical 35-cent interim dividend.

KEY MARKET MONITORS



STOCK MARKET INDICES			
	Nov 24	Previous	Year ago
NEW YORK			
DJ Industrials	closed	1275.61	1000.00
DJ Transport	closed	607.53	421.01
DJ Utilities	closed	137.72	116.60
S&P Composite	closed	166.98	133.88
LONDON			
FT Ind Ord	726.80	724.40	600.9
FT-A All-shares	452.83	450.58	377.19
FT-A 250	485.21	483.84	419.54
FT-A Ind	446.16	445.10	394.59
FT Gold mines	501.20	494.60	421.6
FT Govt secs	83.10	83.19	79.25
TOKYO			
Nikkei-Dow	9373.54	9415.56	7846.77
Tokyo SE	688.06	688.78	578.02
AUSTRALIA			
All Ord	733.2	722.0	491.50
Metals & Mins	530.4	515.9	402.50
AUSTRIA			
Credit Actien	54.03	54.07	47.47
BERLIN			
Belgian SE	125.44	125.85	98.44
CANADA			
Toronto Composite	2479.07	2475.40	1804.20
Montreal Industrials	438.02	436.88	314.11
Combined	420.91	420.64	304.62
DENMARK			
Copenhagen SE	N/A	193.90	99.91
FRANCE			
CAC Gen	148.70	147.50	101.10
Ind. Tendance	156.80	156.80	122.50
WEST GERMANY			
FAZ-Aktien	342.99	340.79	237.41
Commerzbank	342.99	1012.50	719.30
HONG KONG			
Hang Seng	823.75	833.97	789.92
ITALY			
Banca Comin	193.95	194.34	184.51
NETHERLANDS			
ANP-CBS Gen	N/A	141.50	96.2
ANP-CBS Ind	N/A	112.80	76.5
NORWAY			
Oleco SE	197.88	195.24	97.84
SINGAPORE			
Straits Times	942.05	960.08	732.25
SOUTH AFRICA			
Golds	750.80	731.10	657.4
Industrials	893.30	893.80	706.6
SPAIN			
Madrid SE	124.37	124.48	104.75
SWEDEN			
J&F	1485.00	1467.48	799.88
SWITZERLAND			
Swiss Bank Ind	357.4	356.50	284.90
WORLD			
Nov 23	Prev	Yr ago	
Capital Int'l	181.10	180.90	144.80
GOLD (per ounce)			
	Nov 24	Prev	
London	\$375.625	\$376.125	
Frankfurt	\$375.50	\$375.75	
Zurich	\$375.75	\$376.50	
Paris (fina)	\$374.98	\$376.45	
Luxembourg (fina)	\$376.75	\$375.90	
New York (Nov)	closed	\$375.40	

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WORLD STOCK MARKETS

NEW ZEALAND

Forestry is focus of frenzy

Continued from Page 31

Investors have also turned to the share market because of the Government's recently imposed interest rate limits. Mr Muldoon this month set a maximum of 11 per cent on all first mortgages, and 14 per cent for subsequent mortgages.

Some financial institutions have already quit mortgage lending. Many smaller lenders are reluctant to accept only 11 per cent, while others are likely to refuse to renew mortgages at the new rate. They are expected to turn to the stock market as a more profitable investment.

Wattie and Goodman, meanwhile, have no plans to seek more than the 24.9

per cent holding in NZ Forest Products - the level at which they have to declare a formal takeover bid. They nonetheless believe forestry is the growth sector of the New Zealand economy and feel, as do many other market analysts, that NZ Forest Products shares are greatly undervalued. Some experts assess Forest Products' asset backing to be at least NZ\$12 a share.

The two food companies plan to establish a joint subsidiary, Dominion Industries, to hold the shares. Wattie and Goodman each hold a 35 per cent stake in each other. They also both own a large holding in many of New Zealand's leading companies. The forestry deal links seven of the largest market leaders in a loose affiliation through a major cross-shareholding network.

Wattie holds 24.9 per cent of one of New Zealand's largest export meat processing companies, Waitaki. Goodman holds 23 per cent of the TNL group, which is dominant in transport and tourism. NZ Forest Products itself has a 40 per cent holding in UEB Industries, one of the leading printing and packaging companies, which in turn has 28 per cent of the diversified Yates Corporation.

Over the past decade, Wattie - best

known for its canned foods - has acquired most of the leading food processing companies in New Zealand. Goodman controls 20 of the major bakeries as well as flour mills, a hostelry and biscuit factory.

Many NZ Forest Products shareholders were small investors, with 53,374 holding 1,000 shares or fewer. Many of these have now flowed to Wattie-Goodman. On Tuesday, when they reached their target, more than 1m shares were traded at NZ\$6.81. The mystery buyer, believed to be Caxton Paper Mill, continued bidding and picked up about 4 per cent of NZ Forest Products.

Much of the cash generated by the share transfers was immediately put back into the market, thus having a flow-on effect and pushing share prices in many other companies to new heights.

This activity, coupled with the interest rate excitement at New Zealand's resumed oil search and the interest rate ceiling, is certain to keep stocks heading upward for some time to come. In some respects the share market is the only sector showing an active and buoyant trend in the face of continued economic recession.

CANADA				DENMARK				NETHERLANDS				AUSTRALIA				JAPAN (continued)			
(Closing Prices)	Nov 24	Nov 23	Nov 22	Nov 24	Nov 23	Nov 22	Nov 24	Nov 23	Nov 22	Nov 24	Nov 23	Nov 22	Nov 24	Nov 23	Nov 22	Nov 24	Nov 23	Nov 22	
Stock				Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	Price	
				%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
AMCO Int.	23 1/4	+ 1/2		Aarhus Oils	480		ADF Holding	163	-0.5	ANZ Group	5.94	+0.04	Kobe Steel	625					
Alcan	24 1/4	+ 1/2		Andelbanken	255		Ahold	165	+2.5	Alphacore O.D.	1.25		Kubota	804	+3				
Anglo Am.	18 1/2	- 1/2		Bank of Denmark	255		ABN	259	+4	Alphacore O.D.	1.25		Kyoto Ceramic	7,750	-20				
Alcan Alum.	48			D. Sukkerfab.	854	+3	AMEV	344	+0.5	Aust. Const. Ind.	1.94	+0.02	Mitsui Bussan	500	-5				
Alumina Oils	25 1/4			East Asiatic	148		Bredaert	175	-1	Aust. Paper	2.5	+0.02	Mitsui Bussan	1,190	-10				
Alumina Oils	11 1/4			Forense Bryg.	1,900	+38	Borsen Westn.	25.5	+0.4	Aust. Paper	2.5	+0.02	Mitsui Bussan	1,190	-10				
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RECENT ISSUES

Further profit-taking in Gilts

The bulk of overseas competition and a broker's withdrawal of the market, however, kept the price at \$21 1/2 before settling a net 5 down at \$21 1/4.

The excellent short-bail performance from Boots failed to make a probable bottom, but a sentiment among other major Retailers, although occasional support prompted sales of a number of purchases. Banks and the market closed at \$20 1/2. British, Hong Kong, 122 1/2, and Burton, 88 1/2, the last-mentioned continuing to benefit from the encouraging full-year performance.

Speculative demand prompted in the wave, rose 30 to 7600 and United Scientific revived with a rise of 100 to 4000.

The price of an analyst's meeting in Hong Kong, prompted a gain of 10 to 10 1/2 in 1979 in RSR.

Philcom was quoted as selling at 30¢ with the market at 40¢.

Engineering lacked a decided trend. Haden stood out with a new report in 14 to 3000 following the news of the first market.

Small, Salsale, Salsale, Salsale, 1700 and Porter Chabram improved 2 to 700. Davy Corporation, at 350, retrieved 2 of 1000.

Followed news of the cavell...

Heaper at \$375.625 an ounce. Heavyweights generally made modest progress although particular interest was shown in Martebest, almost a plate firmer at \$53, and Free State Gold at \$50.50. Boleyn, Boleyn, added 1/2 ounce at \$22 1/2 and \$27 1/2 respectively. Among the medium and lower-priced issues, Harmony edged 1/2 to \$12 1/2, and Blysser rose 1/2 to 90 1/4 in front of news that Canadian mining by both companies may have to be re-assessed. The Gold Mines index put on \$20 1/2 to \$21 1/2 the

Others	53	48	75
Totals	428	508	1,574

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing	Day's change
Atlantic Res	163	-
Barratt Dav	172	-45
Boots	171	+10
Engle Star	640	2
Equi Star	110	+10 1/2
Lux Service	353	+13
Redland	287	+8
Sun Oil (UK) Rytr... ..	190	+10
Pricolant	188	-10
Unih Oil	216	+2

[illegible]

	Rises	Falls	Same
British Funds ...	7	80	38
Corpns. Dom. and Foreign Bonds ...	16	8	63
Industrials	191	279	920
Financial and Prop.	81	108	333
Oils	18	31	66
Plantations,	1	7	12
Mines	55	27	78
Others	53	48	75
Totals ...	426	598	1,574

Stock	Closing price	Day's change
Atlantic Res	855	-45
Barratt Deva	172	-2
Boots +	171	+10
Eagle Star	640	-2
French Kier	110	+ 5 $\frac{1}{2}$
Lex Service	363	+13
Redland	270	+ 8
Sun Oil (UK) Rytty...	210	-40
Tricentrol	188	-10
United Leasing	196	+12

NEW MIGRES (73)		NEWSPAPERS (71)	
BRITISH POUND (1)		PAPER (3)	
Each 30c 1984	Int BANK & O'SEAS GOVT	KLP	Washington (J-J)
	1984 ISSUES 10c	United Walker	PROPERTY (8)
Euro 10c Bk 11c	Int-Am-Air Dis Bk	Hamelstein Etes	Marlborough Prom
Ln 10c2	1984 2c 2c 2c 2c 2c	Lease Lease	Pross
		Lon Shop Pro	Stock Conversion
AMERICAN CORPORATION COMBINATION		TRUST (7)	
Each 114c 1985		City & Comm Co	Thompson Trust
		Elect Gov	Trivertal Co
		Selwood Ind'l	W & G Group
		Stock Cities A	
AMERICANS (7)		OLS (5)	
Cornh Zeilenbach	Quaker Oats		

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EUROPEAN OPTIONS EXCHANGE[illegible]

		CALLS			PUTS		
Option	Jan.	Apr.	July	Jan.	Apr.	July	
Brit. Petroleum (*406)							
290	39	38	46	9	18	22	
480	1	84	84	24	82	9	
480	4	10	14	58	56	70	
Cons. Goldfields (*484)							
490	52	70	89	17	50	27	
500	1	10	10	84	9	66	
550	15	25	—	72	82	—	
500	—	9	—	180	123	—	
500	2 1/2	3	—	370	12	—	
Courtauld (*108)							
75	34	34	—	1	—	—	
80	—	—	—	1 1/2	—	—	
85	24	24	27	3	2 1/2	—	
95	15	—	18	8	—	6	
100	6	18 1/2	—	6	10	12	
110	—	—	—	—	—	—	
Commercial Union (*160)							
140	43	46	30	1	3	4	
150	29	29	30	—	6	9	
180	10	14	19	10	16	19	
200	4	6	9	24	29	32	
G.E.C. (*186)							
340	24	24	—	5	6	9	
350	11	30	46	14	18	22	
380	1	3	—	—	—	—	
340	2	4	—	46	46	—	
Grand Met. (*521)							
350	—	48	58	4	9	14	
360	19	27	17	16	85	32	
360	5	12	16	38	40	47	
390	3	4	—	65	27	—	
I.O.L. (*604)							
160	160	—	—	2	4	—	
170	110	114	—	2	—	—	
500	64	64	—	18	84	—	
600	25	28	48	18	24	44	
660	7	16	24	54	64	73	
Land Securities (*545)							
300	59	68	—	3	2	—	
300	45	50	55	3	2	—	
350	18	28	48	7	12	17	
360	9	15	20	28	32	36	
Marks & Spencer (*350)							
200	47	—	—	2	3	—	
200	23	28	32	4	7	9	
220	—	—	—	—	—	—	
Shell Transport (*558)							
100	100	—	—	1	—	—	
600	68	76	—	84	5	14	
500	34	43	54	18	24	30	
500	6	8	20	94	98	104	
680	3	5	—	18	28	—	

		CALLS			PUTS		
Option	Nov.	Feb.	May	Nov.	Feb.	May	
Imperial Group (*134)							
110	26	23	—	1 1/2	2	—	
120	—	—	—	—	—	—	
150	9	12	16	5	10	14	
200	4 1/2	7	10	10	12	14	
LASMO (*150)							
250	35	45	55	18	18	20	
260	13	27	33	43	28	30	
280	15	18	28	40	45	—	
Lombro (*57)							
90	13	14	16	2	3	10	
100	10	15	16	—	—	—	
110</							

MINES—continued

Allstate Expn NL	40	
Australia Mng. NL	24	-1/2
Balmoral Resources	15	
Black Hill Mins.	35	

W Bond Corp	85	+3	07
W Bingham 1 King	161	+8	mQ
W Bingham 50	212	+10	

WCHA 50c	362	+14	BJC
W Carr Boyd 20c...	70	+2	—
W Central Kalgoorlie	33	-1	—

[illegible]

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are £1p. Estimated prices/earnings ratios and covers are calculated on the most recent financial accounts and, where possible, are updated on half-yearly figures. P/E's are calculated on the latest distribution basis, earnings per share being computed on profit after taxation and unreserved ACT where applicable; bracketed figures indicate 30 per cent or more difference if calculated on "all" distribution. Covers are based on "midstream" distribution; they compare gross dividend costs to profit after taxation, excluding non-recurring items and minority interests. Dividend cover is calculated as ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

a "Top" Stock.

PLANTATIONS

Rubbers, Palm Oil

[illegible]

1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 26

MINES

[illegible]

your 25c.....	904	+12
State P3		

REB R1	252	17
REB R0.20	252	17
REB R1	252	17

61	171	Danvers Rd.	716	+	0.05	1.4
62	172	Gloucester Rd.	716	+	0.05	1.4
63	173	Gloucester Rd.	716	+	0.05	1.4
64	174	Gloucester Rd.	716	+	0.05	1.4
65	175	Gloucester Rd.	716	+	0.05	1.4
66	176	Gloucester Rd.	716	+	0.05	1.4
67	177	Gloucester Rd.	716	+	0.05	1.4
68	178	Gloucester Rd.	716	+	0.05	1.4
69	179	Gloucester Rd.	716	+	0.05	1.4
70	180	Gloucester Rd.	716	+	0.05	1.4
71	181	Gloucester Rd.	716	+	0.05	1.4
72	182	Gloucester Rd.	716	+	0.05	1.4
73	183	Gloucester Rd.	716	+	0.05	1.4
74	184	Gloucester Rd.	716	+	0.05	1.4
75	185	Gloucester Rd.	716	+	0.05	1.4
76	186	Gloucester Rd.	716	+	0.05	1.4
77	187	Gloucester Rd.	716	+	0.05	1.4
78	188	Gloucester Rd.	716	+	0.05	1.4
79	189	Gloucester Rd.	716	+	0.05	1.4
80	190	Gloucester Rd.	716	+	0.05	1.4
81	191	Gloucester Rd.	716	+	0.05	1.4
82	192	Gloucester Rd.	716	+	0.05	1.4
83	193	Gloucester Rd.	716	+	0.05	1.4
84	194	Gloucester Rd.	716	+	0.05	1.4
85	195	Gloucester Rd.	716	+	0.05	1.4
86	196	Gloucester Rd.	716	+	0.05	1.4
87	197	Gloucester Rd.	716	+	0.05	1.4
88	198	Gloucester Rd.	716	+	0.05	1.4
89	199	Gloucester Rd.	716	+	0.05	1.4
90	200	Gloucester Rd.	716	+	0.05	1.4
91	201	Gloucester Rd.	716	+	0.05	1.4
92	202	Gloucester Rd.	716	+	0.05	1.4
93	203	Gloucester Rd.	716	+	0.05	1.4
94	204	Gloucester Rd.	716	+	0.05	1.4
95	205	Gloucester Rd.	716	+	0.05	1.4
96	206	Gloucester Rd.	716	+	0.05	1.4
97	207	Gloucester Rd.	716	+	0.05	1.4
98	208	Gloucester Rd.	716	+	0.05	1.4
99	209	Gloucester Rd.	716	+	0.05	1.4
100	210	Gloucester Rd.	716	+	0.05	1.4

Holdings 50c.....	759ml	+12
Holdings 50c.....	£274ml	+4

Finance

1335	Aff. Corp SA 51.50	1217	WMP 50	9.2
1310	Am. Int. Coal 50	1218	WMP 50	9.2
1300	Am. Int. Coal 50	1219	WMP 50	9.2
1290	Am. Int. Coal 50	1220	WMP 50	9.2
1280	Am. Int. Coal 50	1221	WMP 50	9.2
1270	Am. Int. Coal 50	1222	WMP 50	9.2
1260	Am. Int. Coal 50	1223	WMP 50	9.2
1250	Am. Int. Coal 50	1224	WMP 50	9.2
1240	Am. Int. Coal 50	1225	WMP 50	9.2
1230	Am. Int. Coal 50	1226	WMP 50	9.2
1220	Am. Int. Coal 50	1227	WMP 50	9.2
1210	Am. Int. Coal 50	1228	WMP 50	9.2
1200	Am. Int. Coal 50	1229	WMP 50	9.2
1190	Am. Int. Coal 50	1230	WMP 50	9.2
1180	Am. Int. Coal 50	1231	WMP 50	9.2
1170	Am. Int. Coal 50	1232	WMP 50	9.2
1160	Am. Int. Coal 50	1233	WMP 50	9.2
1150	Am. Int. Coal 50	1234	WMP 50	9.2
1140	Am. Int. Coal 50	1235	WMP 50	9.2
1130	Am. Int. Coal 50	1236	WMP 50	9.2
1120	Am. Int. Coal 50	1237	WMP 50	9.2
1110	Am. Int. Coal 50	1238	WMP 50	9.2
1100	Am. Int. Coal 50	1239	WMP 50	9.2
1090	Am. Int. Coal 50	1240	WMP 50	9.2
1080	Am. Int. Coal 50	1241	WMP 50	9.2
1070	Am. Int. Coal 50	1242	WMP 50	9.2
1060	Am. Int. Coal 50	1243	WMP 50	9.2
1050	Am. Int. Coal 50	1244	WMP 50	9.2
1040	Am. Int. Coal 50	1245	WMP 50	9.2
1030	Am. Int. Coal 50	1246	WMP 50	9.2
1020	Am. Int. Coal 50	1247	WMP 50	9.2
1010	Am. Int. Coal 50	1248	WMP 50	9.2
1000	Am. Int. Coal 50	1249	WMP 50	9.2
990	Am. Int. Coal 50	1250	WMP 50	9.2
980	Am. Int. Coal 50	1251	WMP 50	9.2
970	Am. Int. Coal 50	1252	WMP 50	9.2
960	Am. Int. Coal 50	1253	WMP 50	9.2
950	Am. Int. Coal 50	1254	WMP 50	9.2
940	Am. Int. Coal 50	1255	WMP 50	9.2
930	Am. Int. Coal 50	1256	WMP 50	9.2
920	Am. Int. Coal 50	1257	WMP 50	9.2
910	Am. Int. Coal 50	1258	WMP 50	9.2
900	Am. Int. Coal 50	1259	WMP 50	9.2
890	Am. Int. Coal 50	1260	WMP 50	9.2
880	Am. Int. Coal 50	1261	WMP 50	9.2
870	Am. Int. Coal 50	1262	WMP 50	9.2
860	Am. Int. Coal 50	1263	WMP 50	9.2
850	Am. Int. Coal 50	1264	WMP 50	9.2
840	Am. Int. Coal 50	1265	WMP 50	9.2
830	Am. Int. Coal 50	1266	WMP 50	9.2
820	Am. Int. Coal 50	1267	WMP 50	9.2
810	Am. Int. Coal 50	1268	WMP 50	9.2
800	Am. Int. Coal 50	1269	WMP 50	9.2
790	Am. Int. Coal 50	1270	WMP 50	9.2
780	Am. Int. Coal 50	1271	WMP 50	9.2
770	Am. Int. Coal 50	1272	WMP 50	9.2
760	Am. Int. Coal 50	1273	WMP 50	9.2
750	Am. Int. Coal 50	1274	WMP 50	9.2
740	Am. Int. Coal 50	1275	WMP 50	9.2
730	Am. Int. Coal 50	1276	WMP 50	9.2
720	Am. Int. Coal 50	1277	WMP 50	9.2
710	Am. Int. Coal 50	1278	WMP 50	9.2
700	Am. Int. Coal 50	1279	WMP 50	9.2
690	Am. Int. Coal 50	1280	WMP 50	9.2
680	Am. Int. Coal 50	1281	WMP 50	9.2
670	Am. Int. Coal 50	1282	WMP 50	9.2
660	Am. Int. Coal 50	1283	WMP 50	9.2
650	Am. Int. Coal 50	1284	WMP 50	9.2
640	Am. Int. Coal 50	1285	WMP 50	9.2
630	Am. Int. Coal 50	1286	WMP 50	9.2
620	Am. Int. Coal 50	1287	WMP 50	9.2
610	Am. Int. Coal 50	1288	WMP 50	9.2
600	Am. Int. Coal 50	1289	WMP 50	9.2
590	Am. Int. Coal 50	1290	WMP 50	9.2
580	Am. Int. Coal 50	1291	WMP 50	9.2
570	Am. Int. Coal 50	1292	WMP 50	9.2
560	Am. Int. Coal 50	1293	WMP 50	9.2
550	Am. Int. Coal 50	1294	WMP 50	9.2
540	Am. Int. Coal 50	1295	WMP 50	9.2
530	Am. Int. Coal 50	1296	WMP 50	9.2
520	Am. Int. Coal 50	1297	WMP 50	9.2
510	Am. Int. Coal 50	1298	WMP 50	9.2
500	Am. Int. Coal 50	1299	WMP 50	9.2
490	Am. Int. Coal 50	1300	WMP 50	9.2
480	Am. Int. Coal 50	1301	WMP 50	9.2
470	Am. Int. Coal 50	1302	WMP 50	9.2
460	Am. Int. Coal 50	1303	WMP 50	9.2
450	Am. Int. Coal 50	1304	WMP 50	9.2
440	Am. Int. Coal 50	1305	WMP 50	9.2
430	Am. Int. Coal 50	1306	WMP 50	9.2
420	Am. Int. Coal 50	1307	WMP 50	9.2
410	Am. Int. Coal 50	1308	WMP 50	9.2
400	Am. Int. Coal 50	1309	WMP 50	9.2
390	Am. Int. Coal 50	1310	WMP 50	9.2
380	Am. Int. Coal 50	1311	WMP 50	9.2
370	Am. Int. Coal 50	1312	WMP 50	9.2
360	Am. Int. Coal 50	1313	WMP 50	9.2
350	Am. Int. Coal 50	1314	WMP 50	9.2
340	Am. Int. Coal 50	1315	WMP 50	9.2
330	Am. Int. Coal 50	1316	WMP 50	9.2
320	Am. Int. Coal 50	1317	WMP 50	9.2
310	Am. Int. Coal 50	1318	WMP 50	9.2
300	Am. Int. Coal 50	1319	WMP 50	9.2
290	Am. Int. Coal 50	1320	WMP 50	9.2
280	Am. Int. Coal 50	1321	WMP 50	9.2
270	Am. Int. Coal 50	1322	WMP 50	9.2
260	Am. Int. Coal 50	1323	WMP 50	9.2
250	Am. Int. Coal 50	1324	WMP 50	9.2
240	Am. Int. Coal 50	1325	WMP 50	9.2
230	Am. Int. Coal 50	1326	WMP 50	9.2
220	Am. Int. Coal 50	1327	WMP 50	9.2
210	Am. Int. Coal 50	1328	WMP 50	9.2
200	Am. Int. Coal 50	1329	WMP 50	9.2
190	Am. Int. Coal 50	1330	WMP 50	9.2
180	Am. Int. Coal 50	1331	WMP 50	9.2
170	Am. Int. Coal 50	1332	WMP 50	9.2
160	Am. Int. Coal 50	1333	WMP 50	9.2

10-Am. Inv. 50c ..	E60	10-Inv. 50c ..	E60
Beers Df. 5c ..	500	Beers Df. 5c ..	500
10-Inv. 50c ..	500	10-Inv. 50c ..	500

40pc Pl. 15.	925	...
50pc Pl. 20c.	805	-5
100pc Pl. 27c.	495	

70	352	Exp. Plan. 10c	655	054c	6.9
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Central African

70	180	Falcon Rh.50c	188	1070c	4.22
73	16	Wandle Col. 25c	16	105c	8.7

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Adm. Inv. 20p	52	Fin. 13% 97/02	586%
Solv'w'r. Est. 50p	385	Alliance Cos.	75
Crng & Rose 41	513p	Arnett	295cd
Flng Plng. 5p	43	Carroll (P.J.)	181
Higson Bros	85	Concrete Prods.	90
Holt (Jas) 25p	908	Heish (Hdgs.)	16
I.O.M. 5p	127	Irish Ropes	35
			40
Exch. 12% 1985	59p	T.M.C.	85
Nat 94% 84/89	59p	Unidrive	76

OPTIONS

Options

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 39

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each category.

Royal Tel. Can. Fil. Mfgs. Ltd.
42-50, Carson St., London EC4A 6LJ 01-236 6044

Royal Trust Co. Ltd. Reg. No. 10000		24-25, New London Rd., London		24-25, New London Rd., London	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
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Dividend		100		100	
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Share & Prerequisite		100		100	
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Dividend		100		100	
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Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Dividend		100		100	
Price on Nov 15, 1988		100		100	
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Dividend		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
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Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988		100		100	
Share & Prerequisite		100		100	
40-50, Cannon St., London EC2M 3LL		01-235 6004		01-235 6004	
Share Price		100		100	
Dividend		100		100	
Price on Nov 15, 1988</					

[illegible]**Insurances—continue**[illegible][illegible]

**It is proposed to publish
a survey on the above subject on
Saturday, 21st January, 1984**

For further details and advertising rates, please contact
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CONFIDENTIAL

Indian sugar exports go over quota

INDIA has concluded contracts for 700,000 tonnes of sugar exports so far this year, against an International Sugar Organisation quota of 680,000 tonnes. And 400,000 tonnes of the contracted quantity have already been shipped.

According to Mr P. C. Luthar, chairman of the state trading corporation, which is the only authorised agency to conclude sugar export deals, further efforts are being made to increase exports. Negotiations are being conducted with several foreign importing countries including Algeria, Egypt, Sudan, Tunisia, Yemen and China.

Indian sugar output during the season ending in October totalled 7.5m tonnes against record harvests of 8.2m tonnes and 8.4m tonnes during the two previous seasons.

India's internal consumption is estimated at 6m tonnes annually. The country is carrying a surplus stock.

Renster adds: India will hold a selling tender of 200,000 tonnes of white sugar in London on November 30, an official

The proposed sale will be the first offer made of 1984 sugar and will be adjusted against an international export quota of 1m tonnes which India has

● The U.S. Agriculture Department said it had proposed a rule that would allow U.S. manufacturers to import sugar outside the existing quota system to make polyhydric alcohol, an organic solvent used to produce some chemicals.

Under the proposal, U.S. manufacturers would be able to buy sugar at world prices, which are currently about 8 cents a pound, compared with the U.S. price of about 22 cents a pound.

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posed acquisitions in fiscal 1985 to 1988 covered 13 of the same 15 materials, plus two other items.

Information on the materials and associated quantities for acquisitions and disposals remained classified until invitation.

U.S. markets were closed yesterday for Thanksgiving Day.

tions to be were announced, it said. The stockpile contains 61 materials including strategic metals for defence and industrial use.

The acquisition plan would be accomplished through a series

agricultural commodities and
exchanges of excess stockpiled

The General Services Administration for the past several months has been developing plans to acquire rubber for the stockpile.

The report also said research and development efforts on Guayule as an alternative source of natural rubber, should allow a small domestic commercial industry to develop between 1985 and 1987.

U.S. Guayule production was unlikely to pose a competitive threat to foreign rubber producing countries, it added.

Reuter

likely to exceed demand

before.

Consumption in the current season, which began on August 1, was 1,469,686 bales compared to 1,275,650 bales used last season.

Average daily consumption worked out to 22,834 bales this year, compared with a revised daily average of 22,393 bales in the previous five-week period and 20,794 bales in the four weeks to October 30 last year.

Combined stocks of domestic and foreign cotton held in the U.S. at October 29 rose to 7,001,680 bales from a revised

about 10 per cent in the January-September 1983 period, they were down from the 7,990,375 bales on the corres-

Ginnings of cotton from this year's crop to November 14 were 4,643,843 running bales consisting of 4,619,228 ginnings of upland cotton and 24,617 of American pima.

● China's cotton output this

last year's record of 3.6m tonnes, Deputy Commerce Minister Jiang Xi said in Peking yesterday.

State purchases of cotton are expected to rise 10 per cent over last year's figure of 3.45m tonnes, he told the China Daily.

China has announced suspension of cotton rationing because of the abundant harvest.

Reuter

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CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar shows further rise

The dollar continued to improve in rather restricted trading yesterday. Activity was kept at a minimum due to the closure of U.S. centres for Thanksgiving. Some commercial orders helped to push the dollar to a record against the lira and the French franc although it lost ground to the latter before the close of business. It also moved above DM 2.71 against the D-mark but ended below the DM 2.71 level before the close of business.

Trading was unchanged overall but started to look a little fragile towards the end of the day after October's trade figures had shown a current account deficit of \$268m compared with market expectations of somewhere around flat.

Trade weighted index (Bank of England) 123.5 against 123.3 six months ago. The dollar has been appreciating steadily recently, touching recent levels against some currencies. Tension in the Middle East and other conflict areas is supporting the currency. In addition there are fears that a surge in money supply will combine with heavy government borrowing and inflationary pressures associated with a strong economic recovery to prompt further easing in Federal Reserve monetary policy.

The dollar rose to DM 2.7056 from DM 2.6937 against the D-mark, having failed to sustain a best level of DM 2.7120. Against

EMS EUROPEAN CURRENCY UNIT RATES

Currency	Unit	% change	% change	% change
against	against	against	against	against
DM 100	DM 100	DM 100	DM 100	DM 100
Belgian franc	40.338	+0.002	+0.002	+0.002
Dutch guilder	3.7603	+0.0003	+0.0003	+0.0003
French franc	6.5596	+0.0006	+0.0006	+0.0006
Italian lira	2.3636	+0.0006	+0.0006	+0.0006
Spanish peseta	166.639	+0.0009	+0.0009	+0.0009
Portuguese escudo	200.482	+0.0008	+0.0008	+0.0008
Irish pound	7.8756	+0.0006	+0.0006	+0.0006
UK sterling	1.0000	0.0000	0.0000	0.0000

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.4825-1.4830	1.4825-1.4830	1.4825-1.4830	1.4825-1.4830
Canada dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Swiss franc	1.4825-1.4830	1.4825-1.4830	1.4825-1.4830	1.4825-1.4830
French franc	6.5596-6.5596	6.5596-6.5596	6.5596-6.5596	6.5596-6.5596
Italian lira	2.3636-2.3636	2.3636-2.3636	2.3636-2.3636	2.3636-2.3636
Spanish peseta	166.639-166.639	166.639-166.639	166.639-166.639	166.639-166.639
Portuguese escudo	200.482-200.482	200.482-200.482	200.482-200.482	200.482-200.482
Irish pound	7.8756-7.8756	7.8756-7.8756	7.8756-7.8756	7.8756-7.8756
UK sterling	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000

Belgian rate is for convertible franc. Financial Times 100-100. Six-month forward dollar 1.4825-1.4830, 12-month 1.4825-1.4830.

OTHER CURRENCIES

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
Argentina peso	16.80-16.80	16.80-16.80	16.80-16.80	16.80-16.80
Australia dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Brazil cruzeiro	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Canada dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Denmark krone	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
France franc	6.5596-6.5596	6.5596-6.5596	6.5596-6.5596	6.5596-6.5596
Germany mark	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Greece drachma	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Hong Kong dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
India rupee	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Indonesia rupiah	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Japan yen	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Malaysia ringgit	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
New Zealand dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Norway krone	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
South Africa rand	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Sweden krona	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Switzerland franc	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Taiwan dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Thailand baht	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
UK sterling	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
USA dollar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000
Yugoslavia dinar	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000	1.0000-1.0000

EXCHANGE CROSS RATES

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

Asia 5% (closing rates in Singapore): Short-term 9% per cent, 3 months 9% per cent, 6 months 9% per cent, 9 months 9% per cent, 12 months 9% per cent; Long-term Eurodollar 11% per cent, 2 years 11% per cent, 3 years 11% per cent, 4 years 11% per cent, 5 years 11% per cent, 10 years 11% per cent. Short-term rates are call for U.S. dollars and Japanese yen; others two days notice.

MONEY MARKETS

Little change in UK interest rates

Interest rates were hardly changed in London yesterday in rather dull trading. There was no impetus from the U.S. with the latter closed for Thanksgiving Day. In addition the Fed's decision to add reserves on Wednesday was not taken as a sign of any change in policy but more of a calming move over the holiday period. News of a UK trade and current

The Bank of England forecast a surplus of around \$100m with a surplus affecting the market including maturing assistance and a take up of Treasury bills to together draining \$24m, offset by the Bank's transactions of \$170m. The surplus was later revised to around \$50m and the Bank did not intervene in the morning. In the afternoon the surplus was revised once again back to \$100m and the Bank sold \$24m of

Treasury bills at 84-84 1/2 per cent. In Frankfurt call money was unchanged at 5.50-5.55 per cent with little heavy demand ahead of the month's auction. Banks are well placed to meet this month's minimum reserve requirements with a lot of funds taken earlier in the month after the financial problems of BMB. Bank. Tax payments are not expected to make a significant

UK clearing bank base

clearing rates 9 per cent (since October 4 and 5)

MONEY RATES

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

LONDON MONEY RATES

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

FT LONDON

INTERBANK FIXING

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

LONDON INTERBANK FIXING

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

The fixing rates are the arithmetic mean, rounded to the nearest one-eighth, of the bid and offered rates for \$100 quoted by the market to five reference banks at 11 a.m. on Wednesday. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Paribas de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Gilts retreat

Gilts showed a weaker tone on the London International Financial Futures Exchange yesterday. The mood was set by the National Institute of Economic Research's review suggesting that inflation will rise to 6 1/2 per cent by the end of next year, and that the Treasury's forecast of 3 per cent growth of national output this year and next is over-optimistic. Sentiment in the market was depressed, and was also influenced by the weaker pound against the dollar, and a firmer tone to Eurodollar interest rates.

It is also expected that the flow of substantial dividend payments supporting the market has now dried up, and that there is little incentive to push prices higher at a time when the pound

LONDON

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

CHICAGO

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

STERLING

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

DEUTSCHE MARK

Nov 24	Nov 24	Nov 24	Nov 24	Nov 24
Spot	Forward	Spot	Forward	Spot
U.S. dollar	1.0000	1.0000	1.0000	1.0000
Canada dollar	1.0000	1.0000	1.0000	1.0000
Swiss franc	1.4825	1.4825	1.4825	1.4825
French franc	6.5596	6.5596	6.5596	6.5596
Italian lira	2.3636	2.3636	2.3636	2.3636
Spanish peseta	166.639	166.639	166.639	166.639
Portuguese escudo	200.482	200.482	200.482	200.482
Irish pound	7.8756	7.8756	7.8756	7.8756
UK sterling	1.0000	1.0000	1.0000	1.0000

SWISS FRANKS

